



**FRANCHISE DISCLOSURE DOCUMENT
1 PERCENT LISTS FRANCHISES, LLC
123 Terra Bella Boulevard, Suite 2C
Covington, LA 70433
985-807-0001**

The franchise offered is for a 1 Percent Lists® Business that, using our Marks, Copyrights and our System operates a real estate brokerage business.

The total investment necessary to begin operation of a 1 Percent Lists® business ranges from ~~\$21,870~~14,370 to ~~\$59~~64,560. This includes ~~\$157,500-~~ \$20,000 that must be paid to the franchisor and its affiliates.

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

You may wish to receive your disclosure documents in another format that is more convenient for you. To discuss the availability of disclosures in different forms, contact the Franchise Administration Department, Attn: Grant Clayton, CEO, 123 Terra Bella Boulevard, Suite 2C, Covington, LA 70433, (985) 807-0001.

The terms of your contract (your Franchise Agreement) will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract in this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. 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, N.W., Washington, D.C. 20580. You can also visit the FTC home page at www.ftc.gov. For additional information, call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: May 19, 2025, as amended on September 10, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted. Risk factors vary from business opportunity to business opportunity, and no business opportunity investment is “risk-free.”

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

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

DISCLOSURE REQUIRED BY 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:

- (a) A prohibition on the right of a franchisee to join an association of franchises.
- (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 thirty (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 five (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 six (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) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

**Consumer Protection Division Attn:
Marilyn McEwen
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-711**

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EXHIBITS

| | |
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| Exhibit E | Forms of General Release – Renewal or Assignment |
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| Exhibit G | Form of Confidentiality, Non-Solicitation and Non-Competition Agreement |
| Exhibit H | Form of Electronic Funds Transfer Agreement |
| Exhibit I | List of Franchisees |
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| Exhibit K | Table of Contents of Operating Manual |
| Exhibit L | List of State Agencies/Agents for Service of Process |
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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT, AND MIGHT REQUIRE A RIDER TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN AN ADDENDUM OR RIDER.

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is 1 PERCENT LISTS FRANCHISES, LLC, referred to as “we,” “us,” or “our.” “You” means a person who acquires a franchise from us.

We are a Louisiana limited liability company formed on March 5, 2020. Our principal business address is 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433. Our phone number is (985) 807-0001, and our website is www.1percentlistsfranchises.com (franchise sales) and www.1percentlists.com (consumer site). Our agent in Louisiana for service of process is Kelly Clayton, 1 Percent Lists Franchises, LLC, 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433, and if different in another state is, if applicable, disclosed in Exhibit “N.” We conduct business under our corporate name, 1 Percent Lists Franchises, LLC, and under the name “**1 Percent Lists® Real Estate**” and “**1 Percent Lists**”.

We are in the business of granting franchises for 1 Percent Lists® Businesses and supplying or reselling products, equipment and services to them. “**1 Percent Lists® Businesses**” are businesses that, using our System, our Program, Marks and Copyrights, offer the real estate sales and listing related Products and Services, as well as other ancillary Products and Services we designate or approve from time to time.

We may and do act as a seller of products and services to the public or may ourselves or through affiliates become owners in 1 Percent Lists® Businesses. We currently do not own a 1 Percent Lists® Businesses, but our predecessor does so.

We do not engage in other business activities and have not offered franchises in other lines of business. We have not operated any 1 Percent Lists® Businesses but, as described below in this Item, certain of our predecessors and affiliates and their owners have operated similar businesses as “Company-Owned” any 1 Percent Lists® Businesses.

Our Predecessors

We consider the following companies as a predecessor because they helped contribute intellectual property that has formed our initial assets:

1 Percent Lists, LLC: 1 Percent Lists, LLC (“**1PLLa**”) is a Louisiana Limited liability Company formed October 29, 2015. Its address number is 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433 and its phone number is (985) 807-0001. In December 2015, 1 Percent Lists, LLC began operating a business of the type franchised in Louisiana. It continues to do so. Its address and phone number are the same as ours. 1PLLa developed our intellectual property that forms the basis of our franchise system.

1 Percent Lists Supplier, LLC: 1 Percent Lists Supplier, LLC (“**1PL Supplier**”) is a Louisiana Limited liability company formed March 31, 2020. Its address number is 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433 and its phone number is (985) 807-0001. 1PL Supplier was formed to serve as a supplier of materials, services, equipment and supplies to our franchisees.

1 Percent Lists IP, LLC: 1 Percent Lists IP, LLC was formed on March 30, 2020. 1 Percent Lists, LLC has assigned to another of our predecessors, 1 Percent Lists IP, LLC, all of its trademarks, service marks, confidential information and system. 1 Percent Lists IP, LLC’s address and phone number is the same as ours. 1 Percent Lists IP, LLC licenses its intellectual property and system to us and to our predecessor.

Affiliates

Clayton , LaMulle, Roig Investment, LLC, a limited liability company formed under Alabama law is an affiliate. The registered office of Clayton, LaMulle, Roig, Investment, LLC, is 2 N Jackson Street, Suite

605, Montgomery, AL 36104. Grant and Kelly Clayton own 50% of the membership interests in this company. Other investors in us also own some of the membership interests in Clayton, LaMulle, Roig Investment, LLC.

Parent and Other

We do not have a parent company.

We have not offered franchises in any other line of business. None of our predecessors have offered franchises in this or any other line of business. We do not have any affiliates who have offered franchises in this or any other line of business. When we began selling franchises, we offered an area development program, but never entered into an area development agreement with anyone and the program has since been terminated.

Our Company Owned Businesses

We, our predecessor or affiliates may develop and may have ownership interests in company- owned 1 Percent Lists® Businesses (“**Company Owned Business**”). Currently, our affiliate 1 Percent Lists, LLC owns and operates a 1 Percent Lists® Business in Louisiana and our affiliate Clayton, LaMulle, Roig Investment, LLC owns and operates a 1 Percent Lists® Business in Alabama. These Company-Owned 1 Percent Lists® Businesses do not sell Products or Services to our 1 Percent Lists® Business franchisees. But, in the future, it or other Company-Owned 1 Percent Lists® Businesses may do so. 1 Percent Lists, LLC has been conducting the type of business that will be operated by the franchise since December 2015, a period of almost ten years.

Our Program

The System, Products and Services form part of our proprietary real estate brokerage program (the "**1 Percent Lists® Program**" or "**Our Program**"). Our Program forms the fundamental basis of the 1 Percent Lists® Businesses’ efforts to serve the real estate consumer. In most instances, Our Program includes use of our "**Products and Services**" which currently are the real estate listing and sales products and services we designate or approve. Our Program guides the fees and commissions charged to the property owners, proposed or mandatory commission splits for brokers and agents, the manner of dealing with customers, the offer and sale of Products and Services, the general customer experience and any other aspect of the operation of the sale, development or operation of 1 Percent Lists® Real we may designate from time to time in our sole discretion.

Our "**System**" has been and is continuing to be developed by us for the efficient operation of the 1 Percent Lists® Businesses to provide a platform for the sale of Products and Services using Our Program, as well as to provide ease of operation. Our System includes real estate brokerage system; accounting system; distinctive business formats; color schemes; methods; procedures; real estate listing, marketing and sales methods and processes; advertising; recruiting and hiring criteria for and methods for managing agents and other personnel who work for or with the 1 Percent Lists® Businesses; signage and advertising; commission and other fee schedules; licensed or proprietary software; hardware and electronic devices; standards; specifications; and/or other System Standards defined in our Manuals, all of which we may improve, further develop or otherwise modify from time-to-time.

1 Percent Lists® Businesses may operate from a fixed commercial office location or from home offices. Regardless of the type of site, 1 Percent Lists® Businesses operate in primarily the same manner: they offer and sell real estate brokerage services. 1 Percent Lists® Businesses are anticipated to be either new businesses where the franchisee is not and existing licensed real estate professional and such licensure must first be obtained to be able to lawfully operate; or where the franchisee is an existing duly licensed real estate broker or agent who is able to convert its existing real estate sales and listing activities to our System. We expect the majority of the franchises sold will be conversion franchises due to the ease of conversion.

We began offering 1 Percent Lists® Businesses on March 5, 2020.

We offer 1 Percent Lists® Businesses individually only by the franchisee signing our form of Franchise Agreement, a copy of which is attached as Exhibit B, and each if the owners of it will be required to sign our form of Owner's Guaranty, attached as Exhibit D and complete and sign our Owners Statement attached as Exhibit C

Other Attributes of Our Program

Usually, customers of 1 Percent Lists® Businesses will be seeking real estate services to assist with the purchase or sale of residential real estate and commercial real estate. Other customers may seek services to list or rent commercial real estate. Duly licensed real estate brokers and their agents / real estate associates are critical to the implementation of Our Program and operation of our System and each 1 Percent Lists® Business. If you are a licensed broker you are not required to have agents because you may fill that role yourself. But, you or if you are an entity, one of your owners must be a broker duly licensed to offer and sell real estate, and you may need to, depending on the laws of your state, hire or obtain the services of agents to assist in providing the products or services. Depending on the laws of your state, the real estate professionals may be employed by the 1 Percent Lists® Business or be independent contractors or other third party contractors with the 1 Percent Lists® Businesses.

We may provide general guidance for finding one or more real estate professionals to participate in ownership or work for your 1 Percent Lists® Business. We or IPL Supplier also may offer optional services (for example to help you recruit a broker or agent for your 1 Percent Lists® Business), and may sell to you software promotional items, branded items and other goods and services. If we do so, we may charge you our then current fees for doing so. Even if we, and affiliate or a third party provide optional recruiting services, ultimately, it is your responsibility to enter into relationships with Real Estate Professionals in compliance with the laws of your state and applicable real estate sales rules and regulations.

We provide a certain amount of website development and initial SEO related services in return for the royalties you pay to us. On a fee for service basis, we or IPL Supplier offer or may offer in addition to those initial SEO related services, optional marketing services to help your business or your real estate professionals individually, as well as website maintenance services. We or IPL Supplier currently do not have a standard agreement for those purchases. Currently, our Program provides that for each 1 Percent Lists® Business, each of its brokers has a website, and each of its agents also have a separate website. Also, we or IPL Supplier may offer and sell to you additional materials, supplies, equipment or services.

Except as described above, none of our parent, predecessors or affiliates have offered franchises in this or any other lines of business. Except as described above, none of our other affiliated entities or predecessors offer or sell products or services to our franchisees.

Competition

The market for the real estate services you will offer and sell is developed in many areas and developing in other areas, depending on the number of potential buyers and sellers in the area and the number of brokerage businesses that have been established to service these potential customers. You may also face competition for sellers and buyers of properties and for sales associates from us and other 1 Percent Lists® franchises directly and in other channels of distribution that we may develop in the future.

You should expect to face various forms of competition from other franchised and franchised real estate organizations for sellers and buyers of properties as well as the recruitment of Brokers and Agents. Competition may come from local or national real estate organizations that offer a variety of business models and compensation structures. These include established franchised and non-franchised firms, independent brokerages and a growing number of on-line or virtual real estate sellers and listing services.

Your competitors may operate under the more traditional "50-50" or "60-40" methods of sharing commissions with Agents, may operate under a 100% or other high commission arrangement that is similar to our commission concept. Competitors may charge agents a flat fee per transaction or may compensate their

agents on a salaried basis rather than paying commissions. You may also face competitors that utilize variations of sales agent compensation techniques and/or commission split deviations (sometimes referred to as “adverse splits”) designed to discourage sales agent movement to, or affiliation with, our franchise system. Note, however, that the National Association of Realtors has agreed to put in place a new rule prohibiting offers of compensation on an MLS. Offers of compensation could continue to be an option consumers can pursue off-MLS through negotiation and consultation with real estate professionals. And sellers can offer buyer concessions on an MLS (for example—concessions for buyer closing costs). This change will go into effect August 17, 2024. The National Association of Realtors also will require MLS Participants working with buyers to enter into written agreements with their buyers before touring a home. This change will go into effect August 17, 2024.

Laws and Regulations

Most states have specific laws and regulations covering real estate brokerage services and licenses. State laws relating to the offer and sale of real estate require that anyone who offers real estate brokerage services be a licensed real estate broker, a licensed associate broker or a licensed salesperson affiliated with a licensed real estate broker. There may be similar laws or regulations in the cities and counties in which you will be operating that will add to the requirements of state laws and regulations. There are also various federal laws that impact real estate sales businesses and that you must comply with such as the Americans with Disabilities Act; the Real Estate Settlement Procedures Act (commonly known as “RESPA”); and Fair Housing Laws. With respect to your advertising, there are the CAN-SPAM Act; the Telephone Consumer Protection Act; the Telemarketing Sales Rule, as well as other similar federal and state anti-solicitation laws regulating phone calls, texting (Like the Telephone Consumer Protection Act) spamming, and faxing. Also federal and state laws regulate data security and privacy (including but not limited to the use, storage, transmission, and disposal of data regardless of media type). Many more state and local laws and regulations regulate business licenses, and other general aspects of Businesses. You should investigate these laws to understand your potential legal obligations.

ITEM 2

BUSINESS EXPERIENCE

Owner and CEO: Grant Clayton: Mr. Clayton has been one of our owners and CEO since our inception in March 2020, one of the owners from 1 Percent Lists, LLC from October 2015 to present, an owner of 1 Percent Lists IP, LLC and 1 Percent Lists Supplier, LLC from March 2020 to the present. For each position, he has served in Madisonville, Louisiana

Owner and President: Kelly Clayton: Ms. Clayton has been one of our owners and our president since our inception in March 2020, one of the owners of and a Broker for 1 Percent Lists, LLC from January 1, 2018 to present, and an owner of 1 Percent Lists IP, LLC and 1 Percent Lists Supplier, LLC from March 2020 to the present. For each position, she has served in Madisonville, Louisiana.

Director and Accountant: Charles Renwick: Mr. Renwick has been one of our directors and our accountant since our inception in March 2020. He is the owner of CMR Associates in Covington, LA since October 14, 2014 to present.

ITEM 3

LITIGATION

Jessica Wynne Vogel v. 1 Percent Lists Franchises, LLC, Lisa M. Edwards, and Absobeautly, LLC d/b/a 1 Percent Lists Advantage, United States District Court for the Western District of North Carolina, No. 3:24-cv-182. On July 14, 2023, 1 Percent Lists Franchises, LLC terminated for cause without the opportunity to cure the franchise agreement with One Percent Lists Carolinas, LLC which agreement was personally guaranteed by Ms. Vogel. On January 14, 2024, Ms. Vogel filed suit in the General Court of Justice Superior Court Division for Mecklenburg County, North Carolina, alleging violations of the North Carolina Business Opportunity Sales Law (N.C. Gen. Stat. § 66-94 et seq), Fraudulent Inducement, Breach of Contract, Breach of the Implied Covenant of Good Faith and Fair Dealing, Tortious Interference with a Website Contract, Tortious Interference with Contract (against Edwards and Absobeautly, LLC), Aiding and Abetting Tortious Interference with Contract, Tortious Interference with an Employment Contract (against Edwards and Absobeautly, LLC), Tortious Interference with an Prospective Contract (against Edwards and Absobeautly, LLC), Aiding and Abetting Tortious Interference with Prospective Contract, and Unfair and Deceptive Trade Practices. Vogel did not allege a specific amount of damages. On February 16, 2024, the defendants removed the case to the United States District Court for the Western District of North Carolina. Then the defendants moved to dismiss the case or alternatively transfer it to the United States District Court for the Eastern District of Louisiana. On March 31, 2025, the United States District Court for the Western District of North Carolina granted the motion to transfer and the case was transferred to the proper venue, the United States District Court for the Eastern District of Louisiana. Counsel who are licensed in Louisiana and admitted to practice in the United States District Court for the Eastern District of Louisiana have appeared on behalf of the plaintiff and 1 Percent Lists Franchises, LLC. Discovery in the case has not commenced and there have been no determinations about the merits. ~~The defendants~~We dispute Vogel's claims and are aggressively defending them. We filed a counterclaim against Vogel and her company, 1 Percent Lists Carolinas, LLC, for damages resulting from the termination of the franchise agreement prior to the expiration of its term and for liquidated damages arising from Vogel's violation of the noncompetition covenants.

Other than this action, no litigation is required to be disclosed in this item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Your initial franchise fee for a single 1 Percent Lists® Business will be ~~\$15,000–7,500–\$20,000,~~ depending on whether you are converting to the 1 Percent Lists system as an established broker who closed more than eighteen (18) transactions in the year prior to entering the 1 Percent Lists system not as an established broker.

For established brokers who are converting to the 1 Percent Lists system, the initial fee will be \$7,500 if the fee is paid in a lump sum. We may offer established brokers alternatively the opportunity to choose to pay a \$10,000 initial franchisee fee by paying an additional five percent (5%) of Gross Earned Commission to us from each closed transaction with each payment applying to the initial franchise fee until it is paid in full or 24 months from the Effective Date of your franchise agreement, with the balance being due in at that time.

If you do not meet the criteria of an established broker, the initial fee will be \$15,000 if the fee is paid in a lump sum. Alternatively, we may offer you the opportunity to pay a \$20,000 initial franchisee fee by paying an additional five percent (5%) of Gross Earned Commission to us from each closed transaction with each payment applying to the initial franchise fee until it is paid in full or 24 months from the Effective Date of your franchise agreement, with the balance being due in at that time.

Each 1 Percent Lists® Business is operated under a separate Franchise Agreement. There are no other fees required to be paid or purchases required to be made from us or our affiliates, prior to your beginning operations of your 1 Percent Lists® Business. The Initial Franchise Fee described in Item 5 does not entitle you to any rights of first refusals or options to acquire additional franchises or franchise territory. The initial franchise fee is not refundable.

ITEM 6
OTHER
FEES

Unit Franchise Program. Unless otherwise specified on Exhibit “A” attached hereto.

| UNIT FRANCHISE | | | |
|--------------------------------|---|--|---|
| Name of Fee ¹ | Amount ^{4,7} | Due Date ⁵ | Remarks ⁵ |
| Royalty Fee | Five (5%) percent of all Gross Earned Commissions per real estate sale, and per commercial lease transaction. *Does not apply to residential leases and residential real estate management services. For them, our then current fee, if any. | On the Payment Day of each "Accounting Period" (currently monthly); See Note 2 | See Notes 1 and 10. All fixed fees are subject to annual CPI increases. We may impose our then current Royalty Fee for (and which may have a different formula for its calculation) for real estate leases and residential real estate management if we develop a program that applies to them. *Currently, we do not have a Royalty Fee for residential leases or residential property management services. |
| Digital Marketing Services Fee | Our <u>minimumsuggested</u> monthly digital marking spend is \$2,000. | On the payment day of each Accounting Period. | This is the minimum required digital marketing spend in your area which will encompass local SEO, PPC marketing, and social media retargeting. |
| Insurance Premiums | Varies based on coverage needs and State law: between \$500 and \$2,000+; plus administration fee of up to 15%. | Within 15 days of your Opening Date. | Only paid to us or our affiliate, if you purchase insurance through us or our affiliate; or if you fail to pay required costs and we pay these costs on your behalf. |

UNIT FRANCHISE

| Name of Fee¹ | Amount^{3,5} | Due Date⁴ | Remarks⁴ |
|--|--|--|---|
| Interest | Varies: lesser of 18% per year or highest contract rate of interest allowed by law. | Within 15 days after billing. | Payable on all overdue amounts. |
| Late Payment Penalties | \$75 plus 5% of the late amount. | Due on payment of late amount. | Payable on all late payments including interest. |
| Costs and Attorneys' Fees (6) | Will vary under the circumstances: between approximately \$0 and \$50,000+. | As incurred. | Applies if we have to enforce the agreement due to your breach. |
| Indemnification (7) | Will vary under circumstances. (See Note 9). | As incurred: within 15 days after billing. | You have to reimburse us if we are held liable for claims arising from your Business' operations. Your owners' sign guarantees. |
| Other Services Fees | Varies: Our then current fees published in our Manuals. | As we designate. | Due if we allow you to offer Other Services and we decide to charge fees for doing so. |
| Audit(3) | Cost of inspection or audit plus travel. | 15 days after billing. | Payable only if you fail to furnish reports, supporting records or other required information or you under report Gross Earned Commissions by 2% or greater. |
| Real Estate Broker Liquidated Damages(5) | Varies: As partial liquidated damages, \$1,000 per day for violating the in-term non-competition covenants; \$100,000 for violating the non-solicitation covenants; \$500,000 for violating the in-term or post term confidentiality covenants or the post-term non-competition covenants. | Due within 15 days of our demand. | Applies if any Real Estate Professional with whom you contract breaches confidentiality, non-compete or non-solicitation terms. If you take legal action against the Real Estate Professional and, to our satisfaction, cause the Real Estate Professional to comply, we will waive this fee. |
| Transfer Fee and Commissions | 50% of then current Franchise Fee, plus any franchise broker/seller commissions. | As incurred. Prior to Transfer | 50% of the then current Franchise Fee is paid to us, plus if we are obligated to pay a franchise broker a commission on the sale or transfer of your franchise or any ownership interest in your franchise, we may require you to reimburse us that amount or we will not approve the Transfer. |

| UNIT FRANCHISE | | | |
|--------------------------|-----------------------|--|--|
| Name of Fee ¹ | Amount ^{3,5} | Due Date ⁴ | Remarks ⁴ |
| Successor Franchise Fee | \$7,500 | Signing of the Successor Franchise Agreement | Our granting of a Successor Franchise is contingent on your payment of the Successor Franchise Fee and being in good standing with Franchisor. |
| <u>Late Report Fee</u> | <u>\$250</u> | <u>Upon Demand</u> | <u>If you file any report required by the Franchise Agreement late, then we may charge and collect from you a Late Report Fee</u> |

Explanatory Notes

1/ *Unless otherwise indicated, all fees in this table are imposed by and payable to us or our affiliates. The Royalty Fee upon a successor franchise is increased to the amounts disclosed, as applicable. In general, we expect to impose all fees described in this chart uniformly among all franchisees. We reserve the right to vary these fees if, in our sole discretion, we choose to do so. All fees in this table are non-refundable, except as provided in Item 5. We may require any or all fees due us in the table in this Item 6 to be paid by electronic funds transfer. All fixed fees in this Item 6 are subject to increase after the end of each calendar year based on the most recent reported change to the Consumer Price Index. If it is determined that applicable laws or regulations will not permit the payment of the Royalty Fee in the manner contemplated, we may also require you to revise the method and calculation of payment of the Royalty Fee in the manner we designate to otherwise comply with applicable laws governing the real estate brokerage. Accounting periods are a calendar month. The opening date is the date we approve your 1 Percent Lists® Business to open and begin accepting listings. We may pay certain amounts of the Royalty Fee to our predecessors or affiliates for services they provide to us.

2/ “**Gross Earned Commission**” is defined in the Franchise Agreement as all real estate listing, sales or rental commission revenue you derive from operating your Business. Our System standards may change or modify how we calculate the Gross Earned Commissions in order to adjust to applicable laws, rules and regulations.

3/ The ranges and categories of fees which will comprise part of your expenses listed on the Table in this Item above are based solely on experience of our parents or our affiliate companies and your expenses may be significantly different depending on various factors, including the suppliers you use and the local costs incurred. Do not rely on this estimate of expenses to project your future performance because your expenses may differ from the ranges above and you will have additional expenses to third party suppliers, to us and our affiliates which we have not listed. Additional information concerning your purchases from third party suppliers is described later in this Disclosure Document.

4/ We will designate the day of the month (the “Payment Day”) for the payments due. Currently it is the 15th of the month. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Payment Day, you will report to us by telephone, internet, intranet or electronic means or on written form, as we direct, the 1 Percent Lists® Business’ true and correct Gross Earned Commissions and Adjusted Gross Earned Commissions for the immediately preceding month. You will give us authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to your Business’ bank operating account for payments of any fees due us and other amounts due under the Franchise Agreement, including any applicable interest charges. We do not have a standard form of electronic delivery transfer document for you to sign in all instances to make electronic funds transfers from your bank operating account, but a sample form of one is attached as Exhibit “I” to this Disclosure Document. The form may vary based on your or our banking institution. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day.

5/ In our sole discretion, all fixed dollar amounts used in the Franchise Agreement or any Addenda may be adjusted as of January 1 of each year in proportion to changes in the Consumer Price Index (U.S. Average, all items) maintained by U.S. Departments of Labor between January 1, 2017 and January of the then current year. Each Adjustment will be made effective as of January 1 based on the January Index, but the first adjustment will not be made until the second January following the Agreement Date. For Real Estate Broker Liquidated Damages, if any Real Estate Professional with whom you contract engages in the competitive business without our consent during the term or within 2 years of the termination or expiration of your 1 Percent Lists® Business Franchise Agreement, you must pay to us this Real Estate Professional Liquidated Damages fee on a per violation basis. It compensates us as part of the liquidated damages and is not our exclusive recovery from you and it does not serve to limit our recovery from you in any manner for any action. The Real Estate Professional Liquidated Damages are cumulative. But, we will not seek to collect Real Estate Professional Liquidated Damages from you provided all of the following are met: (a) At least 10 days prior to its execution, you send to us, and we have approved the Real Estate Professional's agreement with you (the "Real Estate Professional Agreement"); (b) You assign your rights to sue for and collect the Real Estate Professional Liquidated Damages under the Real Estate professional Agreement; (c) this assignment of rights to us is enforceable and the Real Estate Professional does not have defenses to our/your claim that were the result of your breach of the Agreement; and (d) you are in full compliance with the Franchise Agreement. For Rush Order Fees, we may offer to provide optional rush order status for approval of certain marketing you submit to us.

6/ Under the Franchise Agreement, if a claim for amounts owed by you to us or any of our affiliates is asserted in any legal proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable attorneys fees.

7/ The amount of indemnification will vary depending on the claim and could exceed the maximum estimated figure. If no claims arise, indemnification will not be necessary.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

1 Percent Lists® Businesses.

| Type of Expenditure (1) | Amount (1) | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|--|--|----------------------------------|
| Franchise Fee (2) | \$157,500 - \$20,000 | Lump Sum <u>or periodically during the first two years</u> | Signing Franchise Agreement | Us |
| Professional Services (3) | \$1,000 to \$3,000 | As Agreed | By agreement with provider | Suppliers |
| Digital Marketing Services (4) | \$0 to \$5,000 | As Agreed | By agreement with us, our affiliate or provider. | Us, Our Affiliate, Third parties |
| Document Management Software (DotLoop/ Docusign) (5) | \$0 to \$500 | As Agreed | By agreement with provider | Suppliers |
| Multiple Listing Service (MLS) (5) | \$150 to \$2,000 | As Agreed | By agreement with provider | Suppliers |
| CRM software (5) | \$20 to \$200 | As Agreed | By agreement with provider | Suppliers |
| Rent, Rental Deposits, Other Deposits (6) | \$0 to \$5,000 | As Agreed | By agreement with landlord | Landlord |
| Leasehold Improvements, Signage, Furniture Fixtures and Equipment (7) | \$0 to \$6,000 | As Agreed | As Incurred | Third Parties |
| Security/utilities Deposit (8) | \$0 to \$1,000 | Lump Sum | As Incurred | Third Parties |
| Office Supplies, Additional Inventory, and Miscellaneous Supplies (9) | \$200 to \$2,000 | Lump Sum | As Incurred | Suppliers |
| Insurance (10) | \$500 to \$2,500 | Lump Sum | As Incurred | Third Parties |
| Training (11) | \$0 to \$2,360 | Lump Sum | As Incurred | Third Parties |
| Additional Funds – 3 months of operations (12) | \$5,000 to \$15,000 | As Incurred | As Incurred | Third Parties |
| TOTAL ESTIMATED INITIAL INVESTMENT (13) (EXCLUDING REAL ESTATE AND/OR BUILDING PURCHASE COSTS) | \$21,870 14,370 to \$5964,560 | | | |

Explanatory Notes

1/ The Initial Investment Period lasts from 1 to 3 months. It begins on the Agreement date and ends after 3 months. It only assumes and includes one (1) month of operations following your Opening Date. (The rest of the time applies to your development / conversion of and opening of the 1 Percent Lists® Business). The initial investment period is in no way intended to represent the time frame needed to be cash flow positive or otherwise profitable. We relied on our experience and the experience of our founders and predecessor to compile these estimates. This estimate assumes we do not grant you any extensions for your Opening Date.

2/ The Franchise Fee is due when you sign the Franchise Agreement. The Franchise Fee is non-refundable. See Item 5. We do not finance any fees. Royalty Fees are due in lump sum installments on the Payment Date. Royalty fees are not due until after the end of the initial investment period (which ends the last day of the month following your opening date).

3/ This item includes costs for attorneys' fees, accountants and other professional advisors.

4/ This includes an estimate for digital marketing services to be purchased from us, our affiliate or approved suppliers. You may find you wish to purchase more than this estimate if your experience the need for or desire additional on-line marketing.

5/ Additional purchases are generally included in the expenses in note 13. You will also need a CRM, to sign up for the MLS in your area (obtain data feed from MLS), and use a document execution software system like DotLoop or DocuSign: We will have you contract directly with those suppliers. This estimate initial investment assume you pay for one (1) Website and Initial Package Fee before you commence operations, regardless if you are an individual 1 Percent Lists® Business.

6/ 1 Percent Lists® Business site typically will be a home office/virtual setting. The low range assumes no rent or rental security deposits for a home office. Some conversion businesses may opt to operate out of an existing space in a commercial office complex, office building, strip mall or the like. The size of a 1 Percent Lists® Business is estimated to be 200 to 1,000 square feet of dedicated or shared air-conditioned space. Our business model suggests franchisees do not operate a commercial office during their first year of operations unless they are in an existing space currently, rented or owned by the converting franchisee. We do not anticipate approving commercial offices for franchisees who seek to obtain rental rates greater than \$50 per square foot, triple net for commercial office space during the first year of operations or any ground lease or purchase of real estate on which a building suitable for a 1 Percent Lists® Business already is constructed or could be constructed. Because of the numerous variables that affect the value of a particular piece of real estate, this estimated initial investment table does not reflect the costs of rent or purchasing land or a building. The high range, \$5,000 assumes you pay \$5,000 in rental deposits to an existing third-party landlord or to an entity you own or control as rent or sub tenant rent.

7/ If you operate out of a home office, or are converting your existing business to our franchise, you may not have any material leasehold improvement costs. But, if you operate a commercial office and you convert an existing commercial real estate office, you will need to rebrand with our paint scheme and signage. We expect all commercial office sites used by 1 Percent Lists® Businesses during their first year of operations will be by conversion franchises where the franchisee already owns or rents the commercial office. We do not recommend franchisees conduct a full or partial build out of a commercial office space, and expect that if you operate out of a commercial office, you do so only after your first year of operations or because you already have a commercial office that is suitable and only needs minor branding and signage modifications. If you ~~choose~~ choose to deviate from our business model and develop a new commercial office, you will have costs of leasehold improvements, which include floor covering, wall treatment, counters, tables, stools, ceilings, painting, window coverings, plumbing, electrical, carpentry and related work and contractor's fees and the like. These costs will vary significantly depending on the condition, location and size of the site, the demand for the site among prospective lessees and any construction or other allowances granted by the landlord after negotiations. The low range in this Item 7 assumes you have no or very few improvements needed to an existing home office space and the high range in this item 7 assumes you are a conversion broker franchise and not more than \$5,000 in leasehold improvements are made to convert an existing suitable and outfitted commercial office site (paint and signage) that is already owned or leased by the franchisee. Commercial office. The low end of the range assumes that you and your brokers/agents use existing home office space with these items already in place. The high range assumes you outfit the conversion of an existing office with much of these items in place as well. You must purchase (or already have suitable equipment for) the computer system which includes two

computers, a router and printer. The high end of the range assumes that all new equipment is purchased. The low range assumes you already have an acceptable computer system. We require you to sign our then current form of Conditional Assignment of Telephone Numbers and Listings in the form attached as an exhibit to our Franchise Agreement.

8/ The amount of the security deposits needed for various equipment leases or services will depend on what items you choose to rent and your credit history. The low range assumes none are needed for a home office.

9/ The difference between the low and high ranges is attributable to your needs, which may vary based on the amount of business activity, and the number of Brokers and Agents you utilize This also includes items in the Initial Package that may or may not need to be replenished during the initial investment period.

10/ Insurance must be obtained to meet the minimum requirements established by the System Standards. See Item 8. Insurance costs vary based on policy limits, types of policies, nature of physical assets, business history, Gross Earned Commissions, number of employees, square footage, location, business, contacts, state law and regulatory mandates and other factors.

11/ Training. If you choose to attend training virtually, then you should not incur any cost for travel, lodging or meals associated with the training. If you attend training live and in person, we estimate that you will have a three-night hotel stay with a rate of \$180 per night, that your round-trip airfare will be \$400, and that your daily cost for food will be \$80. The high range is for two people attending.

12/ Item 7 estimates your initial start-up expenses, including payroll costs, other MLS listing fees, cost of license transfers in necessary, miscellaneous vehicle costs like gas, insurance and maintenance, cost of creating listings, including video, audio and other media, and your required advertising expenditures described in Item 6. You will need to have transportation to and from customer meetings and for showing properties. This estimate assumes you already have a suitable vehicle and assumes on month of operating costs (gas, oil, washing, and the like) of a typical sedan or SUV. We do not estimate the cost to lease or purchase a new vehicle for the business. Fees and costs for optional services or optional items are not included in the high and low estimate, as this Item 7 assumes you chose not to use those services, or they are not offered during your initial investment period. ~~These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. These initial investment expenses are in no way intended and do not represent all expenses necessary prior to the Business being cash flow positive. This Item 7 includes an estimate of 3 months operating costs (but only included them for one month after opening).~~ Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; and the sales level reached during the initial period. We anticipate that you will need to maintain approximately \$5,000 to \$15,000 in working capital in order to satisfy your obligations during the initial three months of operations. These figures are estimates including utilities, advertising, telephone services and other potential costs. We have based this estimate upon our experience, the experience of our franchisees, information reported to us by our franchisees, and our knowledge of the operational expenses of the unit-level franchised businesses in the system.

13/ This total initial investment range is based on a single Unit Franchise. All payments to us or our affiliates in this Item 7 are non- refundable. Payments made to third parties may be refundable if you and the third party mutually agree to allow for a refund. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing for third parties will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchase Restrictions: You must develop and operate the 1 Percent Lists® Business according to our System Standards. Our System Standards are critical to the proper offering and use of our Program. They may regulate nearly all of the purchases or expenditures made by your 1 Percent Lists® Business, including rules for, among other things, the types, models and brands of required suggested, authorized, unauthorized and prohibited services, signs, advertisements, software, materials, and other equipment, products, materials, services and supplies to be used in establishing and operating the business, required or authorized and designated or approved suppliers of such equipment, materials, items or services (which may be limited to or include us or our affiliates).

Purchase from Us: Currently, we are the only approved supplier of the following categories of items: Website and Initial Package Items, marketing materials and items that bear our brand/Mark, our Optional Services. We may designate 1 PL Supplier as the only approved supplier of these as well. Other than these items you currently do not have to purchase any goods or services from us, any parent, our predecessors or our affiliates relating to the establishment of your 1 Percent Lists® Business.

We may require you to purchase from us, our affiliates or approved suppliers nearly all equipment and supplies you will use in the ongoing operation of your 1 Percent Lists® Business, including all of those described in Item 1 and Item 5. We may also designate other approved suppliers of them or require you to purchase them directly from a designated supplier. Also, at our option we may require you to purchase from us or our affiliates any other products, materials, and supplies which bear the Marks (or our copyrights), or other items, materials or supplies we choose (or designate for our affiliates) to supply to 1 Percent Lists® Businesses.

Suppliers in Whom our ~~officers~~Officers Hold Interests: Our officers, Grant Clayton and Kelly Clayton have ownership interests in 1 Percent Lists IP, LLC and 1 Percent Lists, LLC. 1 Percent Lists IP, LLC supplies intellectual property to us, but not directly to our franchisees. Currently, neither of them is suppliers to our Franchisees, but they may do so.

Purchases From Approved Suppliers: You are obligated to purchase or lease fixtures, equipment and supplies, furnishings, and installation products or services as well as all marketing materials, supplies and other goods, services or equipment used to operate your 1 Percent Lists® Business(es) and related items that meet our minimum standards and specifications. We may also require you to purchase or lease any or all of them from suppliers we approve or designate. These approved or designated suppliers may be third parties, us or our affiliates. As described above, we or our affiliates may be the only approved supplier for them. We will notify you in our Manuals or other communications of our standards and specifications and approved suppliers. We include these requirements in our "System Standards".

We do not currently, but in the future, we may negotiate contracts with suppliers who serve as exclusive or approved suppliers to 1 Percent Lists® Businesses. For example, we may designate approved suppliers or manufacturers of certain software, banking or marketing services.

Currently, our approved third party suppliers other than 1 PL Supplier include Chase Bank, DotLoop, DocuSign, the National Association of Realtors, and Dean Knows & One Click SEO. We currently do not derive any revenue from your purchases from Approved Suppliers other than us; but we may in the future. See "Rebates" below. When our affiliates, our or their owners own interests in suppliers, they derive benefit from their ownership in those suppliers. Our affiliates did not derive any revenue from sales to franchisees during the last fiscal year and have not during the current fiscal year.

Specifications and Standards: Even where purchases are not required to be made from approved suppliers, they still must meet any specifications and standards we designate. For example, even if not

purchased from an approved supplier, you are also obligated to purchase certain branded and non-branded products, materials, services, fixtures, supplies and equipment that meet our System and Standards. (Much of this will also have to be purchased from us, or affiliates or other designated or approved suppliers.) Our standards and specifications, which are part of our System Standards, may also impose minimum requirements for quality, cost, delivery, performance, design and appearance, delivery capabilities, financing terms, and ability of the supplier to service our franchise system as a whole. Other examples of some items which must be purchased in accordance with our specifications and standards which are in addition to purchases from approved suppliers include: televisions, authentic team merchandise, phone systems, music systems, security system(s), office supplies, produce, paint and building plans, office equipment, etc. We may require you to enter into agreements with approved or designated suppliers or distributors.

Purchase Data: Collectively, the purchase and leases described above in this Item 8 (purchases from us, our affiliates, approved or designated suppliers, or in accordance with our System Standards) are about 20% to 50% of your overall purchases and leases in establishing a 1 Percent Lists® Business and 20% to 50% of your overall purchase and leases to operate a 1 Percent Lists® Business. We do not currently derive any revenue from your purchases from approved suppliers other than us; but we may in the future. Percentages referenced under this Item 8 are subject to change.

Changes of Suppliers: If you want to use any item or service that does not comply with System Standards or is to be purchased from a supplier that has not yet been approved or seek an alternative supplier to be an approved supplier, you must first submit sufficient information, specifications and samples for our determination whether the item or services complies with System Standards or the supplier meets approved supplier criteria. We will, from time to time, establish procedures (System Standards) for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval or our revoking approval of a supplier may be conditioned on requirements relating to product quality, frequency of delivery, standards of service and concentration of purchases with one or more suppliers in order to obtain better prices and service and may be temporary, pending our further evaluation of the supplier. Our criteria for approving suppliers may be treated by us as a trade secret and not shared with our franchisees. In other instances, we may share the criteria with you by placing it in the Manuals or communicating it directly to you. We can revoke our approval of a supplier at any time upon immediate notice to you. We don't charge you a fee for reviewing or evaluating a proposed supplier. But we also are not obligated to consider or evaluate them.

Rebates: We may negotiate with suppliers and manufacturers to receive rebates on certain items you must purchase. Our rebate programs may vary depending on the supplier and the nature of the product or service, as well as limitations imposed by law. Not every supplier will pay rebates to us. Certain suppliers and manufacturers may pay us a rebate based on the number of products ordered that may vary. We may require you to enter into agreements with approved or designated suppliers or distributors. We reserve the right to use such rebate monies or remuneration in any way we choose. Rebate monies or remuneration from suppliers compensates us or our affiliates for our/their efforts to establish and maintain relationships with suppliers and distributors, new product research and development, initial sourcing, and ongoing monitoring of quality and compliance by our suppliers. While we may seek to establish supply, relationships based on lowest or lower price, other considerations such as strategic marketing, strength of supplier, competitive pressures, and the like, may influence our decisions to use and negotiate with those suppliers. As of the date of this Disclosure Document we have not instituted a formal rebate program or "Preferred Vendor" agreements with Approved Suppliers to franchised 1 Percent Lists® Businesses. In the fiscal year ending December 31, 2024, we received \$0 in payments from vendors as rebates and \$0 towards supporting our regional meetings for our franchisees.

Except as described above, there is no formula for the rebates for those suppliers or others and each is voluntary on the part of the supplier.

Cooperatives: There are currently no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price items), for the benefit of the franchise systems. We do not provide material benefits to you (for example renewing or granting additional franchises) based on your

purchase of particular products or services or use of particular suppliers.

Site Selection: If you do not operate from a home office, we will furnish you with mandatory and suggested specifications, and site selection criteria for a 1 Percent Lists® Business, including for physical office space, requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings and color scheme. If you have not selected your site at the time you Sign your Franchise Agreement, it must be located in the site Selection Area designated in the Franchise Agreement. Unless you operate from a home office site, we must approve the site for the location of your Business with respect to the shared and dedicated space you allocate to the 1 Percent Lists® Business. Your home office's address must be in your Target Marketing Area. If you do not operate from a home office/ virtual site, we review and must approve all aspects of the site. Regardless of the type of site, you must locate and obtain our approval of the site within 30 days after the date the Franchise Agreement is signed. The site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other 1 Percent Lists® Businesses, the nature of other businesses in proximity to the site and other commercial characteristics and the size, appearance and other physical characteristics of the proposed site. For example, some of our current guidelines for home office and commercial office sites include: a minimum number of parking spaces capable of handling a 1 Percent Lists® Business of the size contemplated (which will vary depending on the site location); proximity to commercial corridors, office buildings, apartments, shopping centers, hospitals, movie theaters and industrial parks; convenient access with easy left or right-hand ingress or egress; high visibility with capacity to accommodate signage; sufficient population within proximity to the Business to support its operations; and lack of competitors in close proximity.

We also must approve the lease or sublease for the commercial office site of your 1 Percent Lists® Business home office. You must deliver a copy of that proposed lease and related documents to us prior to signing them. The Franchise Fee includes our review of one commercial office site. We may charge additional fees for additional commercial office sites that you request or that we require to be evaluated by us, or choose not to evaluate them and simply consent to their lease. Our consent to the lease indicates only that we believe that its terms fall within the acceptable criteria we have established as of the time of our consent. You must provide us with a copy of the signed lease within fifteen (15) days of its execution.

If you lease the site home office from a third party, or purchase the site, we first must consent to the lease, financing and/or purchase documents that you will sign. We require that they contain certain provisions that are designed to protect our rights. These required terms generally protect our rights under the Franchise Agreement, our ability to possess the site if you violate any of your obligations to us, and your right to occupy the site, and operate the Business without interference by lenders and mortgage holders. Any person who is related to or affiliated with you or one of your owners, directors, officers or other principals, and who plans to lease the site to you or own or obtain financing for the site, must agree to be bound by these provisions.

The terms that we require you include in the lease also allow us to take possession of the commercial office site if you violate the lease or any obligation to us. You still will be responsible for all lease obligations covering the time before we take over. If you and the commercial office site landlord are or become related in ownership or control, and we eventually take over the commercial office site, any lease will be amended

to (a) be the same length as the Franchise Agreement, (b) be consistent with commercially reasonable "triple-net" leases being signed in your metropolitan area, and (c) reflect the site's fair market rental value in your metropolitan area.

We do not review or require additional terms to be included in any residential lease or purchase agreement if your site is a home office.

You are responsible for developing the 1 Percent Lists® Business. We require 1 Percent Lists® Businesses' commercial office site to be constructed or remodeled in accordance with our specifications and standards. You must purchase the Website & Initial Package from us or our affiliate and you install it in your Business (but we or our affiliate are responsible for hosting the Broker Website and Agent Websites). Our

specifications and standards for home office sites primarily make sure you can protect the privacy of customer data.

If you are going to construct or remodel a commercial office site, you must commence construction or remodeling following our System within 30 days our approval of the site. You must open the 1 Percent Lists® Business for business within three (3) months of the effective date of the Agreement. In our sole discretion, if you have made full and complete applications for all building permits and all other permits required to open a 1 Percent Lists® Business, within thirty (30) days of the date we approve the site and the site lease, if any, we may grant to you extensions to obtain all necessary permits, provided that the delay was due to causes beyond your reasonable control. Our construction and remodeling requirements do not apply to home offices.

Computer System: Currently, we require you to purchase the Computer System from a supplier we designate or approve of, or for you to have a suitable existing computer system. The Computer System is described in more detail in Item 11 and the Franchise Agreement. We may require you to install and utilize computer hardware and software that we may designate for the Computer System. We currently require you to use QuickBooks®, an MLS service, and either DotLoop or DocuSign software. Computer hardware is not included in the Initial Package: You will need to purchase or lease sufficient computers, telecommunications/ internet connectivity, smartphones and tablets necessary to operate your business.

Insurance: In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, such insurance coverage that we require from time to time and meet the other insurance-related obligations in the Franchise Agreement. Currently, our minimum insurance criteria are set forth in the following table:

| Type of Insurance | Amount |
|--|---|
| General Liability | \$1,000,000 (with coverage for sexual misconduct) |
| Vehicles | \$100,000/\$300,000 |
| Business Property | \$50,000 |
| Business Interruption | \$100,000 |
| Umbrella | \$1,000,000 |
| E&O Insurance | Amount may vary according to your state’s Real Estate Commission requirements |
| Other insurance or coverage limits as required laws, rules or regulations. | Amount may vary according to your state’s Real Estate Commission requirements |

The cost of this coverage will vary depending on the insurance carrier's charges, terms of payment and your history. We require a minimum of an “A-rating”. You must send us copies of all insurance policies and each of them must name us as an additional insured. Our System Standards may require you to use our designated insurance company or broker. If the commercial office is destroyed, you must rebuild it or move to another commercial office in accordance with your obligations under the Franchise Agreement or obtain our approval to convert to a home office. The Franchise Agreement does not terminate by virtue of casualty to the commercial office.

Except as described above, neither we nor our affiliates currently derive revenue or other material consideration as a result of required purchases or leases. There currently are no purchasing or distribution cooperatives. We do not have any purchase arrangements with suppliers for the benefit of franchisees; but we intend to pursue such arrangements in the future. However, we have the right at some point in the future to negotiate purchase arrangements with suppliers for the benefit of franchisees, and/or to derive revenue or other material consideration as a result of required purchases or leases. At this time, we intend to derive revenue only for proprietary items.

Revenue from Franchisee Purchases: In the year ending December 31, 2024, we had no revenue or rebates from the sale of equipment or supplies to franchisees.

ITEM 9
FRANCHISEE'S OBLIGATIONS

These tables list your principal obligations under the Franchise and other Agreements. It will help you find more detailed information about your obligations in these Agreements and in other Items of this Disclosure Document.

| ITEM 9 UNIT FRANCHISE AGREEMENT PROGRAM | | |
|--|--|------------------------------------|
| Obligation | Section in Agreement | Item in Disclosure Document |
| (a) site selection and acquisition/ lease | Sections 2.1 and 4 and Exhibit A to Franchise Agreement ("FA"). | Items 7, 11 and 12 |
| (b) Pre-opening purchases/leases | Sections 4, 5.3, 5.4, 11.2, 11.7, 19.1 and 19.2 of FA. | Items 5, 6, 7, 8, 11 and 16 |
| (c) site development and other pre-opening requirements | Sections 2.1, 4, 5, 7.1, 7.4, 7.6, 11.2, 11.7, 19.1, 19.2 and 19.3 of FA | Items 6, 7 and 11 |
| (d) Initial and ongoing training | Sections 3.4, 6, 7, 8.10(f), 11.2 and 11.14 of FA; | Item 11 |
| (e) Opening | Sections 5.1, 5.9, 5.10, 7, 11.23 and 12 of FA. | Item 11 |
| (f) Fees | Sections 2.5, 3.4, 3.5, 4.2, 5.3, 6, 7.2, 7.4, 11.1, 11.3, 11.7, 11.8, 12.1, 15.3 and Exhibit A and Exhibit B to the FA. | Items 5, 6 and 7 |
| (g) Compliance with standards and policies/Operating Manuals | Sections 4, 5, 7.6, 9.1, 9.3, 11, 12 and 13 of FA | Item 11 |
| (h) Trademarks and proprietary information | Sections 5.7, 8, 9, 11.1, 11.2, 12.2, 12.8 and 17.4 of FA | Items 13 and 14 |
| (i) Restrictions on products/ services offered | Sections 2.6, 5.4, 5.5, 5.7, 5.8, 11.1, 11.2, 11.7, 11.10, 11.23, 11.26, 11.29, 11.30 and 12.5 of FA | Items 11 and 16 |
| (j) Warranty and customer service requirements | Sections 5.6 and 11.17 of FA. | Not Applicable |

| ITEM 9 UNIT FRANCHISE AGREEMENT PROGRAM | | |
|---|--|------------------------------------|
| Obligation | Section in Agreement | Item in Disclosure Document |
| (k) Territorial development and sales quotas | Sections 2, 4.2 and Exhibit A to the FA, | Item 12 |
| (l) On-going product/service purchases | Sections 5.3, 5.4, 5.5, 11 and 12 of FA. | Item 8 |
| (m) Maintenance, appearance and remodeling requirements | Sections 3.1, 3.2, 5.1, 5.2, 5.3, 5.10, 11.2 and 11.4 of FA | Items 11 and 17 |
| (n) Insurance | Sections 2.6, 5.6, 5.9, 11.2, 11.23 and 19 of FA | Items 7 and 8 |
| (o) Advertising | Sections 5.6, 5.12, 6.16, 7.6, 8.2, 9.1, 11.2 and 12 of FA; | Items 6, 7 and 11 |
| (p) Indemnification | Sections 2.4(d), 4.3(f), 5.18(c), 8.9, 11.26, 18.4 and 20.6; Section 3 of Conditional Assignment of Telephone Numbers. | Item 6 |
| (q) Owner's participation/management/staffing | Sections 1.4(c), 5.6, 5.10, 5.13, 5.15, 5.16, 5.17, 7, 11.1, 11.2, 11.12, 11.13 and 11.14 of FA | Items 11 and 15 |
| (r) Records and reports | Sections 5.13, 11.2, 11.6, 11.8 and 13 of FA. | Item 11 |
| (s) Inspections and audits | Section 14 of FA. | Items 6 and 11 |
| (t) Transfer | Section 15 of FA | Items 6 and 17 |
| (u) Renewal | Section 3 of FA | Items 6 and 17 |
| (v) Post-termination obligations | Sections 9.3 and 17 of FA | Item 17 |
| (w) Non-competition covenants | Sections 17.6 and 10 of FA | Item 17 |
| (x) Dispute resolution | Sections 20.5-20.11 of FA; Conditional Assignment of Telephone Numbers and Listings | Item 17 |

ITEM 10 FINANCING

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

We are not obligated to offer or provide you with any financing. We, however, have the right to assist you with conversion costs or growth opportunities. The only financing that we offer is for the initial franchise fee. The amount financed will vary depending on whether you qualify as an established broker who is converting to the 1 Percent Lists system. If you do qualify as an established broker, the terms of the financing will be that you will pay us an additional \$2,500 of initial franchise fee. However, the entire initial franchise fee paid over a period of two years, with the periodic payments being equal to 5% of your Gross Sales Commissions paid at the closing of each transaction until paid in full, with any unpaid balance being due in full in a lump sum at the end of the two-year period.

If you do not meet the criteria of an established broker, the terms of the financing will be that you will pay us an additional \$5,000 of initial franchise fee. However, the entire initial franchise fee paid over a period of two years, with the periodic payments being equal to 5% of your Gross Sales Commissions paid at the closing of each transaction until paid in full, with any unpaid balance being due in full in a lump sum at the end of the two-year period.

We do not require you to execute a promissory note and do not require you to provide any additional security for the financing other than the security that is provided in the franchise agreement and your personal guaranty of the franchise agreement. There is no prepayment penalty. If you default on the terms of the franchise agreement and it is terminated before you have paid the initial franchise fee in full, the unpaid balance will become immediately due and owing. All payments are non-refundable.

We do not guarantee your notes, leases or obligations to third parties.

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

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

Unit Franchise Program

Pre-Opening Obligations: Before you open the 1 Percent Lists® Business, we will:

A. If you will have a home office, our only criteria for it is that it complies with applicable laws, rules and regulations and be located in the Target Marketing Area, including any applicable ~~home owner's~~~~homeowner's~~ association rules and regulations. We will provide general guidance on setting up your home office or commercial office site as part of the training. If you will have a commercial office and we have not already consented to a location for your 1 Percent Lists® Business before signing the Franchise Agreement, we will provide you with our commercial office site selection criteria for your 1 Percent Lists® Business. You must find a suitable site within the site Selection Area within 30 days of signing the Franchise Agreement (the Agreement Date), subject to our consent. The commercial office's site must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other 1 Percent Lists® Business, the nature of other businesses in proximity to the site and other commercial characteristics, and the size, appearance and other physical characteristics of the proposed commercial office's site. You are solely responsible for obtaining all building permits and confirming the commercial office site to local building ordinances and building code, as well as the construction, remodeling and decorating the premises. You are solely responsible for the hiring of your employees and agents. Except as set forth below for the Sales Agent Training, you are responsible for training all of your employees. Generally, we do not own the commercial office site and then lease it to you. We will consent to or not consent to a commercial office's site you propose within 15 days after we receive the complete site report and other materials we request. If we cannot agree on a site for the commercial office, we can terminate the Franchise Agreement and your initial fee will be forfeited; or we may require you to operate from a home office. (Franchise Agreement Sections 4.1 and 5.1).

B. We will sell or direct our affiliate to sell and deliver to you the Website & Initial Package items and website and marketing services indicated with the Website and Initial Package Fee. (See Franchise Agreement Section 5.3).

C. If you will have a commercial office, furnish you with general suggestions and, specifications, decor and/or layout, for a 1 Percent Lists® Business, including requirements for design, color scheme, image, interior layout and Operating Assets which include fixtures, equipment, signs and furnishing (See Franchise Agreement Section 5.1).

D. Provide you access to our written Manuals and our System Standards (we provide them in electronic form, in read-only, non-copyable and non-printable format). However, you are required at your cost, to secure all financing, obtain permits and licenses for the 1 Percent Lists® Business, develop, decorate and open the commercial office (or outfit the home office) according to our standards and specifications (including your purchase and installation of the Initial Package), purchase or lease and install (or take delivery of and set up) all Operating Assets, and purchase an opening inventory of products and supplies. (See Franchise Agreement Section 5.1).

E. Identify the fixtures, furnishings, equipment (including, facsimile machines and computer hardware and software), inventory products, services, materials and supplies and signs, emblems, lettering, logos and display materials necessary for the 1 Percent Lists® Business to begin operations, the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). (See Franchise Agreement Section 5.4).

F. Make a copy of the Manuals accessible to you on-line via Internet, Intranet or electronic media. (See Franchise Agreement Section 11.1).

G. Provide to you the Initial System Training Program. This training is described in detail later in this Item and in Item 5. (See Franchise Agreement Section 7.1; Section 7.4).

H. Prior to your 1 Percent Lists® Business opening date, we or our affiliate will develop the Broker Website and Agent Websites included in your Website & Initial Package as well as any other websites that your contract for as additional Broker or Agent Websites. You are responsible for hiring a third party to maintain your webpage (See Franchise Agreement Section 11.7).

I. If we agree to do so, assist you with general guidance in locating and establishing a relationship with Real Estate Professionals who may be necessary for the operation of your 1 Percent Lists® Businesses. (See Franchise Agreement Section 6.3).

J. Provide you or instruct our affiliate to provide you the optional marketing services if you ~~choose~~ choose to obtain them from us or coordinate with our affiliate IPL Supplier if you acquire them ~~from~~ from that supplier. (Franchise Agreement Exhibit A, Section 7)

Time To Opening: We estimate that there will be an interval of approximately 1 to 6 months between the signing of the Franchise Agreement and the opening of the 1 Percent Lists® Business, which varies based upon the location and condition of the site the need for upgrades or remodeling, the delivery schedule for equipment and supplies, delays in securing financing arrangements, completing training which may be impacted if you are beginning operations with an existing real estate client base, and your compliance with local laws and regulations. Typically, the length of time between your signing of the franchise agreement to the date you open for business is two months. If you are operating a home office, you must outfit the home office according to our System Standards prior to your commencing business. If you are operating a commercial office, you must locate and obtain our consent to purchase or lease your site within 60 days of signing the Franchise Agreement. You must commence construction or build-out within 30 days after we consent to the site as leased or purchased. You must open the 1 Percent Lists® Business within four months of the Agreement Date. We may grant extensions, but we expect most will occur within two months. Many franchises,

particularly those converting an existing real estate sales or brokerage business, will need little or no build-out. See Item 8. You may not open the 1 Percent Lists® Business for business until: (1) we consent to the 1 Percent Lists® Business as developed according to our specifications and standards; (2) pre-opening training of you and your personnel has been completed to our satisfaction; (3) the Franchise Fee and all other amounts then due to us have been paid; (4) we have approved the manager/broker of your 1 Percent Lists® Business and you have demonstrated that the conditions of the Franchise Agreement have been met (like pre-opening checklist); (5) we have been furnished with copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request; and (6) we have received signed counterparts of all required documents pertaining to your acquisition or lease of the site. You cannot open the 1 Percent Lists® Business until we are satisfied that you have completed all necessary steps to open. While we may terminate the Franchise Agreement if you fail to open in the time required, we will grant you extensions if your delay is due to your engaging in efforts to comply with laws governing the Independent Business of a Profession.

Post-Opening Obligations: During your operation of the 1 Percent Lists® Business, we will:

- A. Advise you from time to time regarding the operation of the 1 Percent Lists® Business based on reports you submit or inspections we make, and provide guidance to you on standards, specifications and operating procedures and methods to be utilized by 1 Percent Lists® Businesses. This advice may cover purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; inventory sales and installation methods; use of suppliers, approved products, volume buying; advertising and marketing programs; employee training; and administrative, bookkeeping and accounting procedures. This guidance will, at our discretion, be furnished in our Manual, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or the Business. (See Franchise Agreement Section 7.6, Section 4).
- B. Establish bookkeeping and accounting policies via our System Standards. (See Franchise Agreement Section 13).
- C. Furnish you, at your request, with additional guidance, assistance and training. (See Franchise Agreement Section 7.6; Section 7.2).
- D. Provide you access to the Manuals (or make them available on-line or via other electronic format), consisting of such materials (which may include audiotapes, videotapes, magnetic media, computer software and written materials) that we generally furnish to franchisees for use in operating 1 Percent Lists® Businesses. The Manuals contain our System Standards. We, in our sole discretion, may make the Manuals accessible to you on-line or via other forms of electronic format like using the Internet or on Intranet or CD-ROM (instead of loaning one copy of it to you). If we do so, the most recent on-line (or electronic format) version of the Manuals will control any disputes involving the Manuals. The Manuals may be modified, updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manuals for changes. If we make the Manuals accessible to you on-line (or electronic format), we will not send to you printed copies of any changes. (See Franchise Agreement Section 11.1).
- E. Issue, modify and supplement System Standards for 1 Percent Lists® Businesses. These may establish minimum or maximum prices to the extent permitted by law. We may periodically modify System Standards, which may accommodate regional or local variations as we determine or to comply with applicable laws, rules and regulations, and these modifications may obligate you to invest additional capital in your Business and/or incur higher operating costs. However, these modifications will not alter your fundamental status and rights under the Agreement. (See Franchise Agreement Section 11.1; Section 11.2; Section 11.3 Section 11.9).
- F. Use our business judgment to informally mediate and attempt to resolve, and establish procedures for resolving, problems among franchisees with our System Standards. But we are not responsible for the outcome of or to achieve a resolution to any disputes among franchisees. (See Franchise Agreement Section 11.2.).
- G. As may be permitted by law, inspect and observe, photograph and videotape the operations of the 1

Percent Lists® Businesses, remove samples of any products, materials or supplies for testing and analysis, interview the 1 Percent Lists® Businesses' customers and personnel, and inspect and copy any books, records and documents relating to the operation of the 1 Percent Lists® Business from time to time to assist you in complying with the Franchise Agreement and all System Standards. (See Franchise Agreement, Section 14.1; Section 14.2).

H. In return for the Start-Up Marketing Fee, if we collect it, conduct the remainder of the Start-Up Marketing Campaign we choose to take place after opening for the 1 Percent Lists® Business. (See Franchise Agreement Section 5.12). Other than this obligation, we have no obligation to conduct advertising on your behalf in any local, regional, or national media or online.

I. Perform optional “Optimization” services if you choose and pay for optional Optimization Services described in Item 6. (See Franchise Agreement Section 6.3).

J. Provide you the services indicated in the Digital Marketing Services Agreement, if you sign that agreement and pay the fees we designate for them (Digital Marketing Services Agreement).

National Advisory Council

We welcome input of new ideas and solutions from franchisees. We have not established but may establish a National Advisory Council (“NAC”) composed of franchisees who will advise us on, among other things, advertising issues and policies that fall under our Marketing Standards. Other areas the NAC may focus on are System Standards. In order to be selected to serve on the NAC, the applicant must be in compliance with all of its agreements with us. Our NAC will serve in an advisory capacity only. At all times, we will have the right to have one representative on the NAC. If our franchise system grows to a point where we believe it is sufficient to allow elections to our NAC, we may do so. Amendments to the bylaws for the NAC, including those to form, change or dissolve it must be approved by us. We may terminate the NAC upon notice to its members.

Your Computer System

We currently require you to have or to buy the Computer System, which includes and uses the hardware, software, printers, and communications equipment and services for the computer system we designate or approve. You must purchase and install at the site and use the computer hardware and software programs that we designate. We estimate the cost of purchasing the Computer System is \$1,500 to \$4,000.

Hardware: Currently, part of the Computer System consists of the following items included in the Initial Package: Printer/, Dell PC or Apple computers (or other brand we may designate), each with sufficient capabilities to operate with the Software we designate. Currently, the minimum standards for each computer are like the current version Core 2 duo processor (or better); 3+ GB of memory; 80 GB+ hard drive; DVD/CD drive, Speakers, keyboard and mouse. This criteria changes as the models are revised by Dell and due to technological needs and advancements.

Software: The software you must purchase or license may include our designated or approved CRM software, document management software like DotLoop or DocuSign, MLS access, and the like which aid in performing the following functions: record customer orders, customer names, addresses and other contact information; track home listing inventory; generate bills and accounts receivable reports; generate sales documents and listing agreements, record and process accounts payable; produce periodic financial reports, including delivered material sales analyses and salesperson performance reports.

You must use this Computer System for online reporting of such sales and other information from your computer to us as required under the Franchise Agreement or Manual. For any time period during which

the Computer System is not functioning properly, you agree to report such sales and other information by telephone to us no less frequently than each Accounting Period.

Computer System Software and Updates

The computer will also operate on Apple or Windows based operating system as well as web browsing software capable of running all of the software and apps we may designate, Like CRM, MLA and DotLoop.

We do not require you to purchase these hardware or equipment items from any particular vendor other than items indicated as being supplied by Dell or Apple. We also provide the hosting and of the broker website and sales associates sites for which you purchase our services (you pay the cost of maintenance via a third party). Otherwise, neither we nor any of our affiliates has any contractual right or obligation to provide support, ongoing maintenance, repairs or upgrades for your Computer System.

Upgrades and Maintenance: We anticipate ongoing Computer System maintenance will cost you \$500 to \$3,000 per year but could be greater. At this time, we do not anticipate any specific annual cost for repairs, support or upgrades; however, you will be required to maintain your computer system in working order so that it can perform the functions required to operate according to our System Standards. In addition, we may require you in the future to make certain expenditures so that your computer system complies with our then-current requirements and so that you will be able to operate the business operating software approved for use in a 1 Percent Lists® Business. There are no contractual limitations on the frequency or cost of such computer modifications, other than we must use our business judgment in requiring any changes, additions or modifications.

We may, in our discretion, require you to purchase upgrades to later generations of any software used, or a comparable alternative that we approve. There are no contractual limitations on the frequency or cost of any required updates or upgrades. We also reserve the right in the future to require you to replace the previously approved software with proprietary software that we may develop. In addition, if we implement a mandatory proprietary software system, we may require you to pay us a monthly software support and upgrade fee. We do not have an estimate of all of these fees, as they are currently unknown.

Connectivity

You must obtain and install a high-speed Internet connection through a local internet service provider to your computer system at the site and maintain a valid e-mail address and account to which you have access and through which we may contact you, in addition to the e-mail address we assign you through our System. You will need mobile device connectivity as well (4G or 5G). We have the right to independently access all information you collect or compile at any time without first notifying you, and you must give us password access to your Computer System to enable us to obtain such data.

Currently, we do not require any annual service or maintenance plans. We maintain our Website included in the Royalty Fee, but you must maintain your Broker or Agent specific webpage/websites at your expense. We or our affiliate(s), including 1 PL Supplier, also offer “Optimization” Services, which are optional as part of the Optional Marketing Services. A third party approved or designated by us will be required to maintain your broker or sales agent specific website/webpages.

Our System Standards require that you must provide all systems we require to bring your Computer System (including internet and mobile applications) online with our headquarters' computer and internet and mobile application systems at the earliest possible time and to maintain this connection as we require. We may retrieve from your Computer System all information that we consider necessary, desirable, or appropriate. You must provide us full “back office” access to your computer systems and MLS access. Your computer system will store all of your customer data, your financial information, your email, and data related to browser history (if maintained). There are no contractual limitations on our right to access information contained and/or utilized via your Computer System. You must maintain your Computer System and keep it in good repair. There is no contractual limit on our ability to require you to upgrade the Computer System, add components to the Computer System and replace components of the Computer System. We cannot estimate the cost of maintaining, updating or upgrading your Computer System or its components because it will depend on your

repair history, local costs of computer maintenance services in your area and technological advances which we cannot predict at this time.

E-Commerce/Websites

We have the right to control all use of the URL's, domain names, websites, addresses, metatags, links, e-mail addresses and any other means of electronic identification or origin. We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chat rooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software. You must follow all of our policies and procedures for the use and regulation of e-commerce. You must implement industry standard security protocol (PCI Standards) for protection of customer and payment data.

Advertising

We do not have any advertising cooperatives comprised of franchisees and do not have the right to force you to join an advertising cooperative. We do not currently have an advertising fund. We reserve the right to establish, implement, and administer a system-wide development, marketing and promotional fund ("System Development Fund"). (Section 12.1). If we establish a System Development Fund, we will have the right to direct all programs, creative concepts, materials and media placement-, which may be local, regional, or national, but will have no obligation to conduct advertising on your behalf. The System Development Fund may employ a regional or national agency, or we may hire a full or part-time employee. The System Development Fund will be accounted for separately from our general operating expenses, but will not be audited and we have no duty to audit the account. We will make the financial statements for the System Development Fund available for you to review upon your reasonable written request. We are not required, and you may not, receive benefits from the System Development Fund expenditures in proportion to your contributions to the System Development fund. We are not required to spend any amount of the System Development Fund on advertising in your Target Marketing Area. Any outlet that is owned by the franchisor will contribute to the System Development Fund in the same manner as the franchisees. We will not use the System Development Fund for creation of materials for or the conducting of advertising that is primarily for the purpose of soliciting new franchise sales. You may only use advertising materials that you have created if those materials are clear, factual, not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time-to-time. You may not use any advertising materials that we disapprove.

Table of Contents of Operating Manual

The table of contents of our Manuals as of the date of this disclosure document are attached as Exhibit L. The total number of pages for our Manuals is 83.

Training

Each broker and each sales agent working for or with the 1 Percent Lists® Businesses must attend and pass our initial System Training and must participate in our ongoing System Training. Before the Business opening, we will provide business operations training, as part of the Systems Training, to your personnel, one of whom must be your owner and must include your on-site Manager/ broker ("**Owner/Broker Training**"). Owner/Broker Training shall consist of approximately 5 to 6 consecutive days, and shall be held at our designated training facility (currently at our headquarters, Covington, LA) and/or at an operating 1 Percent Lists® Business (Franchisee shall be responsible for reimbursement to Franchisor for reasonable costs of travel). A second portion of the System Training is the training provided to each of your initial Agents ("**Agent Training**"), which takes place after the Owner/Broker Training and before the Business opening (as well as after your opening

date on a periodic basis for additional Agents). Agent Training is currently 3 days and takes place in the same locations and manner as the Owner/Broker training. In addition to the training at our designated training facility, we may assign various e-learning courses as pre-training and post-training requisites. **You and your trainee employees must complete the initial training to our satisfaction.** After we train your Broker and initial Agent(s) you are responsible for training any additional or replacement Agents or Brokers. You also must participate in all other activities required to operate the 1 Percent Lists® Business. Although there are no additional fees for e-learning, you are responsible for all travel, living and compensation expenses that you and your employees incur in connection with any training. We offer additional mandatory training as needed, from time to time and based on availability, which is approximately two to three times per year. We are constantly in the process of evaluating and improving our training programs so they may change at any time. You must pay to us any Training Expenses we incur on your behalf and you are responsible for any Training Expenses you incur. (Franchise Agreement - Section 7.1).

We expect to provide the following training:

**Owner/Broker Training
TRAINING PROGRAM**

| ITEM 11 Owner/Broker Training Training Program | | | |
|---|--|--|-------------------------------------|
| (1) Subject | (2) Hours of Classroom Training | (3) Hours of On the Job Training ¹ | (4) Location |
| MWL Program – Various Commission Split Programs | 2 | 1 | Remote/Online |
| Operating Systems – Our Website, your Broker Website/Webpage, Sales Associate websites/webpages and Leads | 6 | 0 | Remote/Online/In person at our site |
| Sales Training | 12 | 3 | Remote/Online/In person at our site |
| Guidelines* | 4 | 0 | Remote/Online |
| Marketing | 12 | 0 | Remote/Online/In person at our site |
| Business Operations & Financial Training | 12 | 0 | Remote/Online/In person at our site |
| TOTAL | 48 | 4 | |

We expect that Owner/Broker Training will be conducted for you and your personnel after the Franchise Agreement has been signed and while the 1 Percent Lists® Business is being developed. It is currently conducted in Covington, Louisiana but may be conducted on-line or at another location we designate. Any live Owner/Broker Training is conducted by Grant Clayton, Kelly Clayton, or personnel who work for our affiliates to assist with Training, as listed below in the Agent Training Program.

The following table summarizes the Sales Agent Training Program provided by our designee/affiliate.

Agent Training
TRAINING PROGRAM

| ITEM 11 Sales Agent Training Training Program | | | |
|--|--|---|-----------------------------|
| Subject | Hours of Classroom Training | Hours of On the Job Training¹ | Location² |
| Program | 2 | 0 | Your site |
| MLS | 2 | 0 | Your site |
| Compliance | 2 | 0 | Your site |
| Customer Service | 2 | 0 | Your site |
| Marketing | 4 | 0 | Your site |
| Sales | 2 | 0 | Your site |
| Office Procedures | 2 | 0 | Your site |
| Equipment | 2 | 0 | Your site |
| TOTAL | 18 | 0 | |

Agent training is currently conducted online and at our headquarters in Madisonville Louisiana (or at another location we may designate).

- 1 It is the nature of the 1 Percent Lists® Business that all aspects of training are integrated; that is, there are no definitive starting and stopping times, although the training is accomplished consecutively over a one week training period.
- 2 Our training programs are conducted or supervised by:
 - Grant Clayton who has 11+ years of operational experience in the real estate industry and 5+ years of training in the real estate industry.
 - Kelley Clayton who has 11+ years of operational experience in the real estate industry and 5+ years of training in the real estate industry.

We may also use personnel who work for our affiliates to assist with Training. Training will be supervised by these instructors but may be conducted by other members of our staff or outside consultants. At minimum, each instructor will have completed our initial Training program.

- 3 Some states and municipalities also may require separate training before permitting the business to open. You should check your state and local laws.
- 4 Our training schedule is offered at intermittent times, often monthly to remain flexible in scheduling training to accommodate our personnel, you and your personnel. Training days may be up to eight (8) hours in length. The "hours of classroom" or "on the job" training overlap each other, and the subjects are not distinctly separated during training. The "live and in person" training that we conduct at our headquarters or at a site that we designate generally will be over the course of two days and will have two hours of business basics, two hours on document management, two hours on accounting and bookkeeping, three hours general marketing and recruiting, and four hours of digital marketing.

You, your broker and/or previously trained and experienced brokers and agents must attend any periodic refresher training courses that we provide from time to time and pay the applicable fees. You also will have to pay us for training new persons hired after the 1 Percent Lists® Business opening. The employee training program must be conducted by trainers who we have approved and have also satisfactorily completed

our training. When training is onsite, you must provide an alternative training facility if we feel that construction or other distractions prevent us from satisfactorily performing the training on premises.

In the past twelve (12) months, approximately 0% of 1 Percent Lists® Businesses opted for optional or additional training. We did not charge our franchisees additional fees for optional or additional training (E-Learning/webinars), regional meetings, or any other additional training in 2024.

ITEM 12 **TERRITORY**

General

We will grant you the right to operate a 1 Percent Lists® Business at a specific location. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control.

Relocation of Franchised Business

We generally will accept the relocation of a 1 Percent Lists® Business under the same conditions as we would accept any new location. In considering whether to accept a new location, we will consider demographic evaluations, traffic patterns, physical site profiles, viable competition in the market area, locations of other 1 Percent Lists® Businesses and other factors. You must reimburse us for our actual expenses incurred in connection with site visitation in connection with any proposed relocation.

If you relocate your 1 Percent Lists® Business during the term of your Franchise Agreement, the agreement will continue to apply to the location in accordance with its terms, except that we and you will have to enter into an amendment to change the address of the location and the applicable protected area.

Other Provisions

We retain the right to operate and license or franchise other persons to operate 1 Percent Lists® Businesses at any location.

We also retain the right to market and sell the same and similar services and products as those offered as part of the 1 Percent Lists® system at any location under trademarks, service marks, and commercial symbols different than those we designate for the 1 Percent Lists® system. However, we have no present intention of operating or licensing the operation of any business selling similar services or products under a different trademark, service mark, or commercial symbol.

We also retain the right to market and sell the same services and products as those offered as part of the 1 Percent Lists® system through all channels of distribution. You may not advertise your 1 Percent Lists® Businesses on the internet or through a worldwide web page or use non-local, toll-free numbers for the sale or solicitation of orders for the sale of products without our prior written approval.

Under the Franchise Agreement, you do not acquire any options, rights of first refusal, or similar rights to acquire additional 1 Percent Lists® Businesses at any other location. You will have a minimum sales requirement. The continuation of your Franchise Agreement will depend on the achievement of that requirement.

Individual 1 Percent Lists® Businesses.

Site: The franchise is granted for operation from a specific location that first must be approved by us and for activities that must be focused within an area that we designate (the “Target Marketing Area”). If the site has not been selected at the time you sign your Franchise Agreement, it must be located in the area designated in the Franchise Agreement. Site areas as well as Target Marketing Areas are usually the area within one or more zip codes. The number of zip codes used varies based on population, density of commerce and residential buildings, potential for available lease space and other factors like geographic or demographic data (including Census data and Google Maps) we use to determine and negotiate the site areas and Target Marketing Areas. We may, at any time, change our sources for data used to determine site areas and Target Marketing Areas. They are not uniform among franchisees. The site area and the Target Marketing Area chosen for your Franchise Agreement will be listed on Exhibit A to your Franchise Agreement. We are not obligated to approve a site because it is located in a site area. Approval of sites is based on our sole discretion. Once you select a site, the site area terminates (other than for relocation of the site).

Target Marketing Area: We will designate an area called the “Target Marketing Area.” If the Target Marketing Area has not been designated or mutually negotiated at the time you sign the Franchise Agreement, it will be the area you and we agree as comprising the number of residential homes corresponding with your Franchise Fee. If you and we do not reach agreement for any reason, it will be the area within a 1 mile radius around the site. However, we will not usually approve the Target Marketing Area unless at least 10,000 residential homes (including condos and townhomes) are in the Target Marketing Area and will expand the default 5 mile radius to include at least 10,000 homes in the Target Marketing Area. For this purpose, residential homes mean single family homes, multifamily homes, townhomes, and condominiums. We currently use 2016 or newer Census Bureau data, but we also investigate and may use third party data sources.

If, at the time we approve your Target Marketing Area, it is deemed by us in our sole judgment to have less than 10,000 residential homes in it, based on our then current System Standards and demographics software we chose, we will, increase your Target Marketing Area to an area we deemed to have between 10,000 and 12,000 residential homes within that new Target Marketing Area. The new Target Marketing Area will encompass the original Target Marketing Area plus any other configuration of additional contiguous geographic area we designate. The revised Target Marketing Area need not be based on a radius (round) and may be irregular in shape. But, if we in our sole discretion notify you at the time you sign your Franchise Agreement that no such adjustment to the Target Marketing Area will occur, we are not required to adjust your Target Marketing Area as described above.

Our System Standards will designate the manner in which you must focus your efforts within your Targeted Marketing Area: But you will be able to receive commissions on listings and sales (or leases) outside of the Targeted Marketing Area as long as you comply with our System Standards for doing so, which includes among others the commission splits we designate or approve. No exclusive rights of any kind apply to the site Selection Area or Targeted Marketing Area.

While we may use demographic and market analysis services to assist us, we base it on our sole judgment.

Factors that influence our designation or grant of site area and Targeted Marketing Areas include the density of population and residential homes, suitability for single unit franchise, proximity of the site to the malls, shopping centers, business centers, industrial parks, airports, traffic count, speed of traffic, access to the site, and competition in the Target Marketing Areas and site areas. We have no obligation whatsoever to provide you a targeted Marketing Area with a certain minimum number of people.

We may establish other 1 Percent Lists® Businesses (franchised or owned by us) anywhere that may or may not compete with your location.

Internet: We may designate and control all aspects of your digital marketing, like social media, text,

and internet. You may not advertise independently on the Internet or the World Wide Web without our express prior written permission. We will maintain 1 Percent Lists® website and you are responsible for the cost of and maintaining the broker and agent websites that will include information regarding your franchise. We may designate an approved supplier that will manage pay per click campaigns for certain or all franchisees and all click campaigns will be directed to web pages/ websites approved and designated by us. You will be responsible for all costs associated with any pay per click campaigns and other optimization. Self-managed or third party vendors for pay per click services are not allowed unless approved by us. We may utilize any type of Internet, Intranet, e-mail, site or website or other means of electronic communication to offer or sell anywhere (even within your Target Market Area), products and services bearing the Marks or Copyrights without any compensation to you. We may require you to advertise using 1-800 or 1-877 type telephone numbers we designate or control and can distribute leads from them as we see fit.

Other Services: We may permit or require you to provide other services as described in the Franchise Agreement and our Manual. Other services are services not currently offered to be performed at 1 Percent Lists® Businesses which are related to the real estate industry. For example, other services might include residential real estate rentals or residential real estate management. We will not require you to offer other services if they contradict applicable law and we determine you are not able to obtain necessary licenses for them. If we require you to offer them, we will designate the areas in which you can provide the other services. You must not perform any other services outside of the areas we designate for them. We do not grant you any exclusive territorial rights to any areas for providing other services. Your offering of other services will be governed by your Franchise Agreement and you will be required to comply with our System Standards, laws rules and regulations for offering any other services. And, we may charge you new or additional fees to offer the other services for the benefit of the 1 Percent Lists® Businesses and other System Businesses.

We may establish, we allow you to develop opportunities for, and require you to follow our System Standards for corporate programs”. A “Corporate Account” is a client or a group of clients that operate under common ownership or control, through independent dealerships, affiliated entities, franchise systems, religious organizations, school systems, multiple offices of an independent business with whom you or other 1 Percent Lists® Businesses affiliate, governmental units, or businesses with multiple locations or disperse employees or some other association, for whom, or at whose locations or at multiple 1 Percent Lists® Business or other System Businesses’ locations we have arranged for the 1 Percent Lists® Business or other System Businesses to provide to their employees or participants in the 1 Percent Lists® Program and any Products and Services we designate: all of which may be offered under special pricing / commission structures. One example of a Corporate Account is a company relocation program for its employees. We or our designee may solicit your current or potential clients located in your Target Marketing Area, whether or not you currently provide any products or services to them, in order to develop them as Corporate Wellness Accounts or for products or services we offer through e-commerce. We may require you to offer and sell Products and Services at the location of a Corporate Account or by other means which may not be located within the confines of your 1 Percent Lists® Businesses. We may require that you coordinate your efforts with other System Businesses in order to provide and sell products and services to Corporate Accounts. If the Corporate Account refuses to do business with you as a result of your failure to comply with the System Standards, lapses in your client service, or any other reason, we may prohibit you from participating in any Corporate Account. You must honor the terms and conditions we specify and develop for Corporate Accounts (which may vary among them), including the maximum pricing for products or services and any service schedules for any Corporate Account you service; and you will not be eligible for assignment of Corporate Accounts opportunities unless you are in full compliance with the Franchise Agreement.

Rights We Retain: Under the Franchise Agreement, we (and our affiliates) retain the right in our sole discretion to: establish and grant to our franchises the right to establish 1 Percent Lists® Businesses anywhere on such terms and conditions as we deem appropriate; operate and grant franchises to others to operate businesses, whether inside or outside the Target Marketing Area, specializing in the sale of products or provision of services, using certain of the Marks or Copyrights and pursuant to such terms and conditions as we deem appropriate; operate and grant franchises to others to operate businesses, licenses, franchises, or Other

Services of any kind, whether inside or outside the Target Marketing Area, that do not use the Marks or Copyrights; market and sell, inside and outside of the Target Marketing Area, through Alternative Channels of Distribution (like mobile businesses, Internet or Intranet website, e-mail site) real estate goods and services competitive with goods and services offered by 1 Percent Lists® Businesses (other than the listing or sale of residential homes), under or using the Marks and copyrights or under trade names, service marks, or trademarks other than Marks, without any compensation to you and in such amounts in such manner as we determine in our sole discretion; and engage in any act or exercise any right not expressly and exclusively provided to you under your agreement with us.

We are not required to pay you if we exercise any of the rights described above inside your Target Marketing Area, or if we otherwise solicit or accept orders, listings, representation or the like from consumers or property owners inside your Target Marketing Area. We do not restrict you from soliciting or accepting listings and sales for residential and commercial real estate outside of your Target Marketing Area unless you comply with our System Standards for doing so, which may regulate co-brokerage arrangements, commission splits and rules for origination of leads and customers. You do not have the right to use Alternative Channels of Distribution, including the internet, catalog sales, telemarketing or other direct marketing, to make sales where the residential homes that are listed or sold are outside of your Target Marketing Area unless you fully comply with our System Standards for doing so. These System Standards currently require you to concentrate 90% or more of your listings and sales within your Target Marketing Area and may require you to acquire an additional franchise and pay the franchise fees for it if your activities are deemed by us to exceed the efforts we then permit outside of your Target Marketing Area.

You may not relocate the 1 Percent Lists® Business without our previous written approval. We will grant approval in most instances if you are in full compliance with your Franchise Agreement, have paid all money owed to us and our affiliates, and the proposed location meets our site selection criteria and you comply with the lease requirements in the Franchise Agreement. We may, if we wish, inspect your proposed new location and you must pay our costs due to your relocation and site evaluation fees. We do not restrict relocation of home offices if they are home offices.

Alternative Channels of Distribution: We and our affiliates may (and currently do) sell any Products or Services under the Marks (or other marks) both inside and outside of your Target Marketing Area through any alternative channels of distribution other than the dedicated 1 Percent Lists® Businesses, including sales through channels of distribution such as the internet, catalogue sales, internet marketing or other direct marketing sales.

We are in the process of developing System Standards related to alternative channels of distribution made by 1 Percent Lists® Businesses inside and outside of the Target Marketing Areas, including co-brokerage and other commission splits for them. Our reservation of rights, described above, allows us and our affiliates to use alternative channels of distribution to make sales within and outside of your Target Marketing Area of any products and services (other than selling or licensing the Foundational Elements) under trademarks which are the same, or which are different from the Marks that you will use under the Franchise Agreement.

We may use alternative channels of distribution to make sales inside or outside of your Target Marketing Area as described in our System Standards, which may be modified from time to time, and you will not receive any compensation for sales through alternative channels of distribution unless we establish (and continue) a compensation program for doing so under our System Standards.

There are no limitations on our right to engage in alternative channels of distribution for any Products and Services other our engaging in residential home listing or sales in your Target Marketing Area.

A renewal (successor franchise) or transfer may require you or the transferee to accept a different Target Marketing Area based on our then current policies.

Although we and our affiliates have the right to do so (as described above), we and our affiliates do not operate and have not operated or franchised, and do not currently plan to operate or franchise other businesses selling or leasing similar products or services under different trademarks.

**ITEM 13
TRADEMARKS**

Primary Trademark

We grant you the right to use and require you to use certain trademarks, service marks and other commercial symbols in operating the Business. Our “Marks” under which the 1 Percent Lists® Businesses operate are the trademarks, service marks and other commercial symbols in the operation of 1 Percent Lists® Businesses, including the trade and service marks “1 PERCENT LISTS®” (design), “1 PERCENT LISTS®” (word mark), and other associated logos, designs, symbols and trade dress, which have gained and continue to gain public acceptance and goodwill. We may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of 1 Percent Lists® Business which will also be our Marks. The principal trademarks we use are the “1 PERCENT LISTS®,” (wordmark) and other names, logos, symbols, and associated designs and trade dress.

Trademark Registration

The principal Marks are listed in the table below. The following Marks are owned by our affiliate, 1 Percent Lists IP, LLC and registrations for them have been registered on the Principal Register of the United States Patent and Trademark office (the “USPTO”):

Principal Trademarks:

Registered

| Description of Mark | Registration Number/Serial Number | Principal or Supplemental Register of the United States Patent and Trademark office | Registration Date |
|---|-----------------------------------|---|-------------------|
|  | 6318454 | Principal Register | April 13, 2021 |
| 1 Percent Lists (Word Mark)*** | 5847367 | Supplemental | August 27, 2019 |
| <u>1 Percent Lists (Word Mark)*</u> | <u>98721783</u> | <u>Principal</u> | <u>Pending</u> |

* “1 Percent Lists” (Word Mark) was filed/applied for on the Principal Register, Serial No. 98721783, on August 28, 2024. A Non-Final Office Action was issued on March 18, 2025 and a response will be filed timely.

** We do not have a principal registration for this mark, therefore, this trademark does not have many legal benefits and rights as a registered trademark on the principal register. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective material determinations of the United States Patent & Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, cancellation or opposition proceedings or material litigation, involving the Marks. All required affidavits or renewal applications due have been filed. There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed in this section in manner material to the franchise.

We license each of the Marks listed above from 1 Percent Lists IP pursuant to a written license agreement with them. Under the license agreements, we have full rights to use the Marks and to license you to use them. There are no material limitations on your use imposed by such license agreements or no relevant circumstances under which such license agreements may be canceled or modified which affect your rights.

You must follow our rules when you use the Marks. You cannot use any Mark as part of your corporate or legal business name. You cannot use any of the Marks with modifying words, designs or symbols (except for those we license to you). You cannot use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. We have sole discretion to take any action (including no action) as we deem appropriate and the right to control exclusively any litigation, PTO proceeding or any other administrative proceeding arising from such infringement, challenge or claim or otherwise relating to any Mark. You must sign any instruments and documents, provide such assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or PTO or other proceeding or otherwise to protect and maintain our interests in the Marks. The Franchise Agreement does not require us to defend the Marks or to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed to you by us or if the proceeding is resolved unfavorably to you.

We will indemnify and defend you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright we develop, pursuant to and in compliance with the Franchise Agreement, resulting from claims by third parties that your use of the Marks or Copyrights we develop infringes their trademark rights or Copyrights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of the Franchise Agreement. We will not indemnify you against the consequences of your use of the Marks, or any Copyrights: (a) for any Marks or other Copyrights which you develop or submit to us (regardless if they become, or have become our property); or (b) unless your use of such Marks or Copyrights we provide was and is in accordance with the requirements of the Franchise Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney(s) retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. We are not responsible to you for any other claims of any nature arising out of or related to the Copyrights, regardless of whether the loss associated is by you, any of your customers or third parties.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. If so, we will reimburse you for your reasonable direct expenses of changing the Business' signs. However, we will not be obligated to reimburse

you for any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

Other than as described above, we do not actually know of either superior prior rights or infringing uses that could materially affect your use of our principal trademarks in any state.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to the franchise that are owned or licensed by us. Neither we nor our parent have any pending patent applications that are material to the franchise.

We claim copyrights in the Manual and all copyrightable aspects of the 1 Percent Lists® Program, the websites, Art, advertising materials and related items used in operating the franchise. Our copyrights have not been registered with the United States Registrar of Copyrights.

The Manuals, which are described in Item 11, and other materials we possess contain our confidential information. This information includes site selection criteria; methods, formats, specifications, standards, systems, procedures and sales and marketing techniques used, and knowledge of and experience, in developing and operating 1 Percent Lists® Businesses; marketing and advertising programs for 1 Percent Lists® Businesses; knowledge of specifications for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies; and knowledge of the operating results and financial performance of 1 Percent Lists® Businesses other than your 1 Percent Lists® Business.

All ideas, concepts, techniques or materials relating to a 1 Percent Lists® Business, constituting protectable or not constituting intellectual property, and created or not created by or on behalf of you or your owners, must be promptly disclosed to us, will be considered our property and part of our franchise system and will be considered to be works made-for-hire for us. You and your owners must sign whatever documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. We may require your employees, independent contractors or agents to sign a form of nondisclosure and non-competition agreement. We may regulate the form of agreement that you use and may require that we be made a third party beneficiary of that agreement with independent enforcement rights.

There currently are no effective determinations of the Copyright Office or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the 1 Percent Lists® Business system. We need not participate in your defense and/or indemnify you for damages or expenses in proceedings involving a copyright or patent.

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

You, your broker, and your agents, must at all times exert your best efforts to operate, promote and enhance the 1 Percent Lists® Business and not engage in any other business or activity that conflicts with your obligations to operate the 1 Percent Lists® Business in compliance with the Franchise Agreement. Either you, or one of your owners (with ownership of at least 10% of your voting securities if you are a business organization (like a corporation, limited liability company or limited partnership)) must meet our qualifications for 1 Percent Lists® Business managers/brokers and participate personally in the direct operation of the 1 Percent Lists® Business.

The 1 Percent Lists® Business must be managed by a licensed real estate broker who has satisfactorily completed our initial training. You or one of your owners may fill this position, or you may hire a broker if permitted under the laws of your state. At least one of your owners and at least one owner (which must be an owner with at least a 50% ownership interest) must meet our qualifications for “Business Managers.” Either you or a Business Manager must be at the site or available on an “on call” basis at all times when the 1 Percent Lists® Business is open. You must have at least one real estate broker either on site or on call depending on your state’s laws. It may be necessary under state law for your real estate broker(s) to be your owners.

Our current qualifications for Business Managers are that they: (i) have a sufficient amount of experience managing and operating full service real estate brokerage businesses in terms of duration, operational responsibilities, previous training as a general manager or in a similar supervisory position to demonstrate to us that he is capable of managing a 1 Percent Lists® Business; (ii) have management responsibility and authority over the Business on a day-to-day basis; (iii) be actively employed on a full-time basis to manage the 1 Percent Lists® Business' operations; and (iv) satisfactorily complete our initial training program and any other training programs we require during the term of your Franchise Agreement.

We require your owners and real estate broker professionals to sign Confidentiality and Non-Solicitation and Non-Competition Agreements with you that lists us as a third party beneficiary. You will need to have these prepared by your attorney and ensure that they impose the same restrictions as are provided under the Franchise Agreement.

If you are a Business Entity, your owners must not only personally guarantee your obligations under the Franchise Agreement but they also must agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. If you are owned by a trust, or if your owners are owned by one or more trusts, the trusts and the beneficiaries of the trusts must sign the Owners’ Guaranty. Also, if your spouse or other owners’ spouses have assets we deemed to be co-mingled, held as community property, or held tenancy by the entirety, the spouses must also sign the Owners’ Guaranty. The form of Owners’ Guaranty is attached as Exhibit D to the Franchise Agreement. The amount of Owners’ Guaranty obligations are limited in connection with certain monetary obligations (for fees, both past due and future) but not for other obligations. We require you to complete an Owners’ Statement attached as Exhibit C to the franchise Agreement. The Owners’ Statement describes all of your owners and their interests in you. Under the Owners’ Statement, we require you to identify one owner/person who has full authority to enter into agreements with us on your behalf and with whom we may direct our efforts to communicate.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale through the 1 Percent Lists® Business all products, and perform all services, that we require from time to time for 1 Percent Lists® Businesses. You may not offer for sale any products or perform any services through the 1 Percent Lists® Business that we have not authorized. (See Items 8 and 9.) Our System Standards may regulate among other things the required or authorized products and services, real estate product and service categories and supplies for the 1 Percent Lists® Business. We have the right to change the types of required and/or authorized goods and services equipment, supplies and suppliers from time to time. Other than limits imposed by applicable laws, rules and regulations relating to real estate brokers' or other real estate professionals' independent judgment and other laws governing the offer and sale of real estate, there are no limits on our right to do so. Our requirement that you comply with applicable laws and requirements of insurance carriers to revenue reimbursement for covered services may limit your ability to seek reimbursement from the carrier if you do not comply with applicable law or the insurance carrier's requirements.

We do not impose restrictions or limitations on your access to customers other than marketing outside your Target Marketing Area and rules for Corporate Programs. We may distribute leads generated by the System Development Fund as we see fit. But, we prohibit or limit your use of alternative channels of distribution (unless you are complying with our rules for participation). We may designate maximum and minimum retail prices to the extent permitted by governing law.

You are obligated to comply with all modifications to System Standards within the time period we specify. We will not obligate you to make any Capital Modifications if such Capital Modifications require (a) an expenditure of more than five thousand and No/100 Dollars (\$5,000.00) after your opening date in any individual year of the Term or (b) an aggregate expenditure of more than Thirty-Five Thousand Dollars (\$35,000.00) over the course of the entire Term. You are obligated to comply with all other modifications to System Standards within the time period we specify, but we will provide you 90 days to make Capital Modifications following our notice to you.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

Unit Franchise Program.

| ITEM 17 | | |
|---|--|---|
| FRANCHISE RELATIONSHIP | | |
| Unit Franchise and Independent Business Management Program | | |
| Provisions | Section in Agreement | Summary |
| (a) Length of the Term | Section 2.1 of Franchise Agreement | 7 years |
| (b) Renewal or extension of the term | Section 3.1 of Franchise Agreement; | If you are in good standing, you can acquire 2 successor franchises for additional 5-year terms on our then-current terms and conditions. |
| (c) Requirements for you to renew or extend | Sections 3.1 and 3.2 of Franchise Agreement | Renewal or extension of your franchise requires you to enter into a successor franchise agreement. Conditions that you must meet in order to enter into a successor franchise agreement are: Maintain site or secure substitute site; bring your 1 Percent Lists® Business into compliance with our then current specifications and standards; sign new Franchise Agreement and ancillary agreements, general releases; satisfactorily complete training and refresher programs; pay the successor agreement fee; and sign a general release in the format attached as Exhibit "E" to this Disclosure Document. You may be asked to sign a contract (Franchise Agreement) with material terms and conditions of your original contract, and the boundaries of the Target Marketing Area may not remain the same, and the Royalty Fee upon renewal will not be greater than the Royalty Fee that we then impose on similarly situated renewing franchisees. By entering into a successor Franchise Agreement, you must sign a contract that may have materially different terms and conditions from the original contract. |
| (d) Termination by you | Section 16.1 of Franchise Agreement | If we breach the agreement and do not cure the breach after 60-days' notice from you, you may terminate 60 days after you provide us with written notice of termination. |
| (e) Termination by us without cause | None | None |
| (f) Termination by us with cause | Section 16.2 and 16.3 of Franchise Agreement | We can terminate upon notice without opportunity to cure if you commit any of the violations set forth in Section 16.2 and if you fail to timely cure any violations set forth in Section 16.3. |

| | | |
|---|---|---|
| (g) "Cause" defined - defaults which can be cured | Sections 16.2 and 16.3 of Franchise Agreement | You have 5 days to cure real estate, employment, health, safety or sanitation law violations, 10 days to cure monetary defaults to us or approved suppliers, 30 days to cure noncompliance with any provision other than Section 16.2 of the Franchise Agreement or the System Standards. |
| (h) "Cause" defined - non-curable defaults | Section 16.2 of Franchise Agreement | Non-curable defaults include material misrepresentation or omission, failure to complete training, failure to lease or purchase the site within 30 days of the Agreement Date, failure to commence construction/remodeling of the 1 Percent Lists® Business within 30 days after approval of the site (unless an extension is granted), abandonment, unapproved transfers, conviction of or a plea of no contest to, a felony or other serious crime, dishonest or unethical conduct, unauthorized assignment of the Franchise Agreement or of an ownership interest in you or the Business, loss of the site, unauthorized use or disclosure of the Manual or confidential information, failure to pay taxes, repeated defaults (even if cured), an assignment for the benefit of creditors or written admission of insolvency or inability to pay debts as they become due, you or your owners' failure to cure a breach of the Franchise Agreement or any other agreement with us or our affiliate within the cure period specified. |
| (i) Your obligations on termination/ non-renewal | Section 17 of Franchise Agreement; Lease Assignment; Conditional Assignment | Obligations include payment of outstanding amounts, complete de identification and return of confidential information (also see (r) below). The Conditional Assignment of Telephone Numbers and Listings is attached as an Exhibit to the Franchise Agreement. The Conditional Assignment requires you to transfer the phone number and listings for your Business to us if the Franchise Agreement terminates or expires. |
| (j) Assignment of contract by us | Section 15.1 of Franchise Agreement | No restriction on our right to assign. |
| (k) "Transfer" by you- definition | Section 15.2 of Franchise Agreement | Voluntary or involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in the Franchise Agreement, you or the Business or any Business Entity that is one of your owners. |
| (l) Our approval of transfer by you | Section 15.2, 15.3 and 15.4 of Franchise Agreement | We have the right to approve all transfers, even to a Business Entity controlled by you. We have the right under our System Standards to share your financial information with prospective transferees. |
| (m) Conditions for our approval of transfer | Section 15.3 of Franchise Agreement | New franchisee qualifies, you pay us all amounts due, transferee and its managerial employees agree to complete training, transferee agrees to be bound by terms and conditions of Franchise Agreement, Transfer Fee paid, we approve material terms, you subordinate amounts due to you, and you sign other documents we require - including general releases in the form provided in Exhibit "E" (also see r below). |
| (n) Our right of first refusal to acquire your business | Section 15.8 of Franchise Agreement | We can match any offer for an ownership interest in you, your Franchise Agreement or your Business provided that we may substitute cash for any form of payment at a discounted amount if an interest rate will be charged on any deferred payments, our credit will be deemed equal to that of any proposed purchaser, we will have no less than 60 days to prepare for closing and we receive all customary representations and warranties, as we specify. |

| ITEM 17 | | |
|--|---|--|
| FRANCHISE RELATIONSHIP | | |
| Unit Franchise and Independent Business Management Program | | |
| Provisions | Section in Agreement | Summary |
| (o) Our option to purchase your business | Section 17.7 of Franchise Agreement | We have the option to buy the Business (including leasehold rights to the site –commercial office sites only), at fair market liquidation value after our termination, or your termination without cause, of the agreement). |
| (p) Your death or disability | Sections 15.5 and 15.6 of Franchise Agreement | Franchise or an ownership interest in you must be assigned to an approved buyer within 6 months and must be run by a trained manager during the period prior to the assignment. Assignment is subject to our right of first refusal. |
| (q) Non-competition covenants during the term of the franchise | Section 10 of Franchise Agreement | No direct or indirect interest in a competitive business, no ownership interest in, marketing or offering products or services for or performance of services for, a competitive business anywhere, no recruiting or hiring of any person who is our employee or an employee of any 1 Percent Lists® Business. A "competitive business" is any business or facility that markets, or serves as the listing or sales agent residential real estate owned by third parties, Other Services or any Product or Services that is the same or similar to those offered by 1 Percent Lists® Businesses. |
| (r) Non-competition covenants after the franchise is terminated or expires | Section 17.6 of Franchise Agreement | No interest in competing business for 2 years at, or within 25 miles of, the site or within 25 miles of any other 1 Percent Lists® Business or its, or your, Target Marketing Area in operation or under construction (same restrictions apply after assignment). |

| ITEM 17 | | |
|---|--------------------------------------|---|
| FRANCHISE RELATIONSHIP | | |
| Unit Franchise and Independent Business Management Program | | |
| Provisions | Section in Agreement | Summary |
| (s) Modification of the agreement | Section 20.14 of Franchise Agreement | No modifications except by written agreement, but Manuals and System Standards are subject to change. |
| (t) Integration/merger clause | Section 20.14 of Franchise Agreement | Only the terms of the Franchise Agreement (including the Manual, System Standards, addenda and exhibits) are binding (subject to state law). Any other statements or promises not in the Franchise Agreement, the agreements which are exhibits to this disclosure document, or in this Disclosure Document should not be relied upon and may not be enforceable. Any representations or promises made outside this disclosure document and Franchise Agreement may not be enforceable. |
| (u) Dispute resolution by arbitration or mediation | N/A | Mediation or arbitration not required under the Franchise Agreement; Subject to applicable state law. |
| (v) Choice of forum | Section 20.8 of Franchise Agreement | Litigation in St. Tammany Parish, Louisiana; subject to applicable state law. |
| (w) Choice of law | Section 20.7 of Franchise Agreement | Louisiana law applies; subject to applicable state law. |

A provision in your Franchise Agreement that terminates the franchise on your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

ITEM 18

PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Franchise Administration Department, 1 Percent Lists Franchises, LLC, Attn: Grant Clayton, CEO, 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433, (985) 807-0001, the Federal Trade Commission, and the appropriate state regulatory agencies

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2022 to 2024

1 PERCENT LISTS BUSINESS FRANCHISES

| ITEM 20 Table No. 1 FRANCHISES | | | | |
|---|--------------------------------|--|--|--------------------------------------|
| Column 1 Outlet Type | Column 2 Year | Column 3 Outlets at the Start of the Year | Column 4 Outlets at the End of the Year | Column 5 Net Change |
| Franchised | 2022 | 20 | 30 | +10 |
| | 2023 | 30 | 38 | +8 |
| | 2024 | 38 | 47 | +9 |
| Company-Owned | 2022 | 1 | 1 | 0 |
| | 2023 | 1 | 1 | 0 |
| | 2024 | 1 | 1 | 0 |
| Total Outlets | 2022 | 21 | 31 | +10 |
| | 2023 | 31 | 39 | +8 |
| | 2024 | 39 | 48 | +9 |

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2022 to 2024

| ITEM 20 Table No. 2 FRANCHISES | | |
|--------------------------------------|------------------|---------------------------------|
| Column 1 State | Column 2 Year | Column 3 Number of Transfers |
| <u>Louisiana</u> | <u>2022</u> | <u>0</u> |
| | <u>2023</u> | <u>1</u> |
| | <u>2024</u> | <u>0</u> |
| Total | 2022 | 0 |
| | 2023 | 1 |
| | 2024 | 0 |

[Remainder of page left blank]

**Table No. 3
Status of Franchised Outlets
For Years 2022 to 2024**

| ITEM 20 Table No. 3 FRANCHISES | | | | | | | | |
|--------------------------------------|----------------------|--|-------------------------------|--------------------------|------------------------------|--|---|--|
| Column 1 State | Column 2 Year | Column 3 Outlets at Start of Year | Column 4 Outlets Opened | Column 5 Terminations | Column 6 Non- Renewals | Column 7 Reacquired by Franchisor | Column 8 Ceased Operations - Other Reasons | Column 9 Outlets at End of the Year |
| Alabama | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Arkansas | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| California | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Colorado | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2022 | 6 | 0 | 0 | 0 | 0 | 1 | 5 |
| | 2023 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | 2024 | 6 | 1 | 1 | 0 | 0 | 0 | 6 |
| Georgia | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 3 | 0 | 0 | 0 | 0 | 4 |
| | 2024 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| Indiana | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| Iowa | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Kentucky | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Louisiana | 2022 | 7 | 1 | 0 | 0 | 0 | 0 | 8 |
| | 2023 | 8 | 1 | 0 | 0 | 0 | 1 | 8 |
| | 2024 | 8 | 2 | 0 | 0 | 0 | 0 | 10 |

| | | | | | | | | |
|----------------|------|----|----|---|---|---|---|----|
| Mississippi | | | | | | | | |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Missouri | | | | | | | | |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| North Carolina | | | | | | | | |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Pennsylvania | | | | | | | | |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Rhode Island | | | | | | | | |
| | 2022 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| South Carolina | | | | | | | | |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| South Dakota | | | | | | | | |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Tennessee | | | | | | | | |
| | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 1 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Texas | | | | | | | | |
| | 2022 | 0 | 2 | 2 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Utah | | | | | | | | |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 1 | 1 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Washington | | | | | | | | |
| | 2022 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Total | | | | | | | | |
| | 2022 | 20 | 14 | 3 | 0 | 0 | 1 | 30 |
| | 2023 | 30 | 12 | 3 | 0 | 0 | 1 | 38 |
| | 2024 | 38 | 11 | 2 | 0 | 0 | 0 | 47 |

Table No. 4
Status of Company-Owned Outlets
For Years 2022 to 2024

| Column 1 State | Column 2 Year | Column 3 Outlets at Start of Year | Column 4 Outlets Opened | Column 5 Outlets Reacquired from Franchisee | Column 6 Outlets Closed | Column 7 Outlets Sold to Franchisee | Column 9 Outlets at End of the Year |
|-------------------|------------------|--|-------------------------------|---|-------------------------------|---|---|
| Louisiana | | | | | | | |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | | | | | | | |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 0 | 1 |

Table No. 5
FRANCHISES

Projected Openings as of December 31, 2024

| ITEM 20 Table No. 5 FRANCHISES | | | |
|--------------------------------------|--|--|---|
| Column 1 State | Column 2 Agreements Signed But Outlet Not Opened | Column 3 Projected New Outlets in the Next Fiscal Year (2025) | Column 4 Projected New Company-owned Outlets in the Next Fiscal Year (2024) |
| Illinois | 0 | 1 | 0 |
| Total | 0 | 1 | 0 |

Exhibit “G” lists the names of all existing franchises at the end of the most recently completed fiscal year, including the addresses and telephone numbers of all the outlets.

Exhibit “J” lists the city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every 1 Percent Lists® Business (franchised) who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

~~In some instances, current and former franchisees will sign or will be asked to sign provisions restricting their ability to speak openly about their experience with 1 Percent Lists® Businesses. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to~~

~~communicate with you.~~

No franchisees have signed confidentiality clauses during the last three years.

ITEM 21 **FINANCIAL STATEMENTS**

Our Financial Statements and Independent Auditor’s Review Report for the years ending December 31, 2022, 2023, and 2024 are attached as Exhibit "A" to this Disclosure Document.

Our unaudited financial statements from January 1, 2025 to ~~March 31, 2025~~ are also attached in Exhibit “A”. ~~THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~ ~~June 30, 2025~~ are also attached in Exhibit “A”.

We do not have any Parent or Affiliates who guarantees our performance. Our fiscal year ends December 31.

ITEM 22 **CONTRACTS**

Copies of all proposed agreements regarding the franchise offering are included as exhibits to this Disclaimer Document. These include:

| | |
|-----------|---|
| Exhibit B | Form of Franchise Agreement and Related Materials (Exhibits) |
| Exhibit C | Form of Owners’ Statement |
| Exhibit D | Form of Owners’ Guaranty |
| Exhibit E | Forms of General Release – Renewal or Assignment |
| Exhibit G | Form of Confidentiality, Non-Solicitation and Non-Competition Agreement |
| Exhibit H | Form of Electronic Funds Transfer Agreement |
| Exhibit N | Receipts |

ITEM 23 **RECEIPTS**

You will find copies of a detachable receipt in Exhibit “N” at the very end of this disclosure document.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS
OF
1 PERCENT LISTS FRANCHISES, LLC

1 PERCENT LISTS FRANCHISES, LLC

**Financial Statements and
Independent Auditors' Report**

For the Years Ended December 31, 2024 and 2023

1 PERCENT LISTS FRANCHISES, LLC

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E.K. LOZANO & COMPANY, L.L.C.
Certified Public Accountants and Consultants
220 Dalwill Drive, Suite 101
Mandeville, LA 70471
Telephone (985) 727-9695 Fax (985) 727-9698

INDEPENDENT AUDITORS' REPORT

To the Managing Members of
1 Percent Lists Franchises, LLC
Covington, Louisiana

Opinion

We have audited the accompanying financial statements of 1 Percent Lists Franchises, LLC (a Louisiana limited liability company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 1 Percent Lists Franchises, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 1 Percent Lists Franchises, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 1 Percent Lists Franchises, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 1 Percent Lists Franchises, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 1 Percent Lists Franchises, LLC's ability to continue as a going concern for a reasonable period of time.

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

Mandeville, Louisiana
May 13, 2025

1 PERCENT LISTS FRANCHISES, LLC
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 192,129 | \$ 117,903 |
| Accounts Receivable, Net of Allowance for Expected Credit Losses | <u>48,169</u> | <u>53,447</u> |
| TOTAL CURRENT ASSETS | <u>240,298</u> | <u>171,350</u> |
| TOTAL ASSETS | <u><u>\$ 240,298</u></u> | <u><u>\$ 171,350</u></u> |
| LIABILITIES AND MEMBERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 8,525 | \$ 473 |
| Accrued Audit Fee | 12,000 | - |
| Advance Payment | 54 | 54 |
| Credit Cards Payable | 25,400 | 10,232 |
| Other Liabilities | 6,930 | 250 |
| Deferred Franchise Fee Revenue | <u>76,693</u> | <u>60,479</u> |
| TOTAL CURRENT LIABILITIES | 129,602 | 71,488 |
| Deferred Franchise Fee Revenue, Noncurrent | <u>393,136</u> | <u>363,103</u> |
| TOTAL LIABILITIES | 522,738 | 434,591 |
| MEMBERS' EQUITY | <u>(282,440)</u> | <u>(263,241)</u> |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | <u><u>\$ 240,298</u></u> | <u><u>\$ 171,350</u></u> |

See Independent Auditors' Report and Notes to Financial Statements

1 PERCENT LISTS FRANCHISES, LLC
INCOME STATEMENTS AND CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| FEE REVENUE | | |
| Franchise Fee Revenue | \$ 92,252 | \$ 93,860 |
| Royalty Fee Revenue | 552,572 | 416,107 |
| Advertising Revenue, Net of Franchisee Reimbursements | 150 | 1,075 |
| Franchise Support - Software Charge Revenue, Net of Software Platform Expense | 22,726 | 9,108 |
| Late Charges | - | 4,042 |
| TOTAL FEE REVENUE | 667,700 | 524,192 |
| COST OF SALES | <u>61,826</u> | <u>13,915</u> |
| GROSS PROFIT | 605,874 | 510,277 |
| OPERATING EXPENSES | | |
| Selling Expenses | 183,121 | 167,456 |
| General and Administrative Expenses | 450,236 | 296,115 |
| TOTAL OPERATING EXPENSES | <u>633,357</u> | <u>463,571</u> |
| OTHER INCOME/(EXPENSE) | | |
| Bad Debt Recovery | 8,500 | - |
| Other Charges | (216) | 511 |
| TOTAL OTHER INCOME/(EXPENSE) | <u>8,284</u> | <u>511</u> |
| NET INCOME/(LOSS) | <u>\$ (19,199)</u> | <u>\$ 47,217</u> |
| MEMBERS' EQUITY, BEGINNING OF PERIOD | <u>(263,241)</u> | <u>(310,458)</u> |
| MEMBERS' EQUITY, END OF PERIOD | <u>\$ (282,440)</u> | <u>\$ (263,241)</u> |

See Independent Auditors' Report and Notes to Financial Statements

1 PERCENT LISTS FRANCHISES, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|--|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income (Loss) | \$ (19,199) | \$ 47,217 |
| Adjustments to Reconcile Net Loss to Net Cash Provided by (Used In) Operating Activities: | | |
| Change in: | | |
| Accounts Receivable | 5,278 | (22,460) |
| Accounts Payable | 8,052 | (12,451) |
| Accrued Audit Fee | 12,000 | - |
| Advance Payment | - | 54 |
| Credit Cards Payable | 15,168 | (10,896) |
| Other Liabilities | 6,680 | 250 |
| Deferred Franchise Fee Revenue | 46,247 | 72,141 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>74,226</u> | <u>73,855</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | <u>-</u> | <u>-</u> |
| NET INCREASE IN CASH | 74,226 | 73,855 |
| CASH, BEGINNING OF YEAR | <u>117,903</u> | <u>44,048</u> |
| CASH, END OF YEAR | <u><u>\$ 192,129</u></u> | <u><u>\$ 117,903</u></u> |

See Independent Auditors' Report and Notes to Financial Statements

**1 PERCENT LISTS FRANCHISES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – 1 Percent Lists Franchises, LLC (the Company) was formed as a closely-held Louisiana limited liability company with a perpetual life on March 5, 2020, and is a full-service discount real estate broker. The Company sells franchises to real estate brokers for a one-time franchise fee and subsequent monthly royalty fees. As of December 31, 2024, the Company had forty-eight franchise owners across twenty states. As of December 31, 2023, the Company had forty franchise owners across nineteen states. The Company's headquarters are located in Covington, Louisiana.

Recognition of Fee Revenue – The Company's revenue is derived primarily from the franchise and royalty fees associated with the sale of franchises to brokers.

On the Franchise Agreement date, a franchise fee is due to the Company. This fee is non-refundable and is generally due to the Company in a lump sum. Some franchise owners have negotiated amendments to the franchise agreement to pay a portion of the initial franchise fee at signing and the remaining balance at a later date. The Company recognizes franchise fee revenue over the term of the Franchise Agreement. The unamortized balance is classified as deferred franchise fee revenue.

In addition to the franchise fee, a monthly royalty fee is due to the Company. The royalty fee is calculated as either a fixed fee per transaction or as a percentage of gross commission per transaction and is to be paid monthly. The Company recognizes royalty fee revenue when earned.

Accounts Receivable – Allowance for Expected Credit Losses – The allowance for credit losses is a valuation account that is deducted from accounts receivable based on the net amount expected to be collected. Accounts receivable is charged off against the allowance when management believes the receivable is confirmed as uncollectible. Management estimates the allowance using relevant available information about past events, including historical experience, current conditions, and reasonable and supportable forecasts.

Advertising – The Company expenses advertising costs as they are incurred. Advertising expense for the year ended December 31, 2024 was \$183,121 and for the year ended December 31, 2023 was \$167,456.

Income Taxes – The financial statements do not include a provision for income taxes, because the limited liability company has elected to be taxed as a partnership and therefore does not incur federal or state income taxes. Instead, the earnings and losses are included in the partners' personal income tax returns and taxed based on their personal tax strategies.

Use of Estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

1 PERCENT LISTS FRANCHISES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risks and Uncertainties – The real estate industry is highly competitive and subject to periodic changes in demand and the effect of mortgage interest rates and homeowner’s insurance rates. The success of the Company is based largely on the success of its franchisees. Franchisees are located throughout the United States.

Adoption of New Accounting Standard – In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, “*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*” to amend its guidance on the impairment of financial instruments. The ASU adds an impairment model known as the current expected credit loss (CECL) model, which is based on expected losses rather than incurred losses. The Company adopted this standard effective January 1, 2023.

NOTE B – ACCOUNTS RECEIVABLE

Accounts receivable includes the remaining balances of franchise fees not yet collected from franchise owners with a payment plan arrangement and royalty fees earned but not yet collected from franchise owners. The accounts receivable balance includes an allowance for expected credit losses for uncollectible accounts. The accounts receivable balance at December 31, 2024 and 2023 is represented by the following:

| | <u>2024</u> | <u>2023</u> |
|---|------------------|------------------|
| Royalty Fees – Non-Related Party | \$ 41,850 | \$ 26,357 |
| Royalty Fees – Related Party (Note E) | 10,639 | 7,382 |
| Franchise Fees | 5,000 | 31,000 |
| Late Charges | - | 1,798 |
| Ad Sharing Fees | - | 250 |
| Software Charge Revenue | 480 | 160 |
| Accounts Receivable | <u>57,969</u> | <u>66,947</u> |
| Less: Allowance for Expected Credit Losses | <u>9,800</u> | <u>13,500</u> |
| Accounts Receivable, Net of Allowance | <u>\$ 48,169</u> | <u>\$ 53,447</u> |

See Independent Auditors’ Report

1 PERCENT LISTS FRANCHISES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE C – DEFERRED FRANCHISE FEE REVENUE

Deferred franchise fee revenue consists of amounts deferred resulting from the Company's receipt of cash payments in advance of satisfying its performance obligations. Deferred franchise fee revenue is recognized on a straight-line basis over the ten-year term of the Franchise Agreement. The following table reflects the changes in deferred franchise fee revenue for the years ended December 31, 2024 and 2023:

| | <u>For the Year Ended 2024</u> | <u>For the Year Ended 2023</u> |
|-------------------------------|---|---|
| Balance at January 1 | \$ 423,582 | \$ 351,442 |
| Revenue Deferred | 138,500 | 166,000 |
| Revenue Recognized | <u>(92,252)</u> | <u>(93,860)</u> |
| Balance at December 31 | <u>\$ 469,829</u> | <u>\$ 423,582</u> |

NOTE D – MEMBERS' EQUITY

The Company was formed in 2020 as a limited liability company wholly-owned by Grant and Kelly Clayton. In 2021, the Company added seven new members. The following lists the members' profit and loss percentages at December 31, 2024 and 2023:

| | <u>2024 Profit and Loss Percentages</u> | <u>2023 Profit and Loss Percentages</u> |
|--------------------------------|--|--|
| <u>Managing Members</u> | | |
| Grant Clayton | 43.45% | 43.45% |
| Kelly Clayton | 43.45% | 43.45% |
| <u>Investor Members</u> | | |
| Cody Currier | 3.94% | 3.94% |
| Dean Cacioppo | 3.94% | 3.94% |
| Scott McLaughlin | 1.97% | 1.97% |
| Todd Dean | 1.97% | 1.97% |
| Charles Renwick | 0.79% | 0.79% |
| Stacia Lamulle | <u>0.49%</u> | <u>0.49%</u> |
| TOTAL | <u>100.00%</u> | <u>100.00%</u> |

1 PERCENT LISTS FRANCHISES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE E – RELATED PARTY TRANSACTIONS

The Company has licensed its trademark from 1 Percent Lists IP, LLC. 1 Percent Lists IP, LLC is wholly owned by the Company's two managing members. The license agreement extends until July 10, 2030.

The two managing members and three investor members are invested in six franchisees of the Company. The following details franchise fee revenue, royalty fee revenue, and accounts receivable balances for the related party transactions:

- The managing members of the Company wholly own a limited liability company that is the sole investor in three franchisees of the Company. The investment in one franchisee began prior to 2024, while investment in the additional two franchisees were transferred on April 16, 2024 from two investor members of the Company, with profit and loss percentages of 3.94% and 1.97%. In 2024, the Company recorded royalty fee revenue of \$56,449 and franchise fee revenue of \$1,061 related to these transactions. In 2023, the Company recorded royalty fee revenue of \$4,750 and no franchise fee revenue related to these transactions. In addition, the related party accounts receivable balance for royalty fees was \$5,339 at December 31, 2024 and \$0 at December 31, 2023.
- The managing members of the Company are invested in two more franchisees of the Company. Also, an investor member of the Company, with a profit and loss percentage of .49%, is invested in the same two franchisees of the Company. In 2024, the Company recorded royalty fee revenue of \$32,243 and franchise fee revenue of \$2,400 related to these transactions. In 2023, the Company recorded royalty fee revenue of \$25,258 and franchise fee revenue of \$2,400 related to these transactions. In addition, the related party accounts receivable balance for royalty fees was \$1,712 at December 31, 2024 and \$1,879 at December 31, 2023.
- The same investor member above with a profit and loss percentage of .49% is also the owner of one franchisee of the Company. In 2024, the Company recorded royalty fee revenue of \$51,062 and franchise fee revenue of \$750 related to these transactions. In 2023, the Company recorded royalty fee revenue of \$43,500 and franchise fee revenue of \$750 related to these transactions. In addition, the related party accounts receivable balance for royalty fees was \$3,589 at December 31, 2024 and \$2,660 at December 31, 2023.
- Two investor members of the Company, with profit and loss percentages of 3.94% and 1.97%, are invested in two franchisees of the Company. In 2024, the Company recorded royalty fee revenue of \$12,769 and franchise fee revenue of \$439 related to these transactions. In 2023, the Company recorded royalty fee revenue of \$34,606 and franchise fee revenue of \$1,500 related to these transactions. In addition, the related party accounts receivable balance for royalty fees was \$0 at December 31, 2024 and \$2,843 at December 31, 2023. On April 16, 2024, both franchisees of the Company in which the investor members were invested transferred all interest in and to the Franchise Agreement to the managing members of the Company.

1 PERCENT LISTS FRANCHISES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE E – RELATED PARTY TRANSACTIONS (continued)

Effective January 1, 2024, the Company entered into a month-to-month operating agreement with a managing company wholly owned by the managing members of the Company. In 2024, the Company paid a monthly management fee of \$5,000 for services including general management, financial oversight, operations management, and strategic guidance. In addition to the monthly management fee, the Company provided a commission of \$5,000 for any franchise sale that was originated by the managing company. For the year ended December 31, 2024, the Company made cash payments of \$105,000 to the managing company, \$55,000 for management fees and \$50,000 for commissions. As of December 31, 2024, the Company has included in other liabilities \$5,000 for management fees that are payable to the management company.

The Company has a month-to-month service agreement with an internet marketing firm in which one of the Company's 3.94% investor members is invested. In 2024 and 2023, the Company paid monthly custom SEO advertising, monthly tacklebox maintenance, and new franchise web building fees to the firm. For the years ended December 31, 2024 and 2023, the Company made cash payments of \$72,765 and \$80,388 to the internet marketing firm for these services.

The Company has a service agreement with an accounting firm that is wholly owned by the Company's 0.79% investor member. The service agreement details a per unit flat fee for service billings. Services include generating monthly royalty and advertising invoices, as well as conducting new franchisee training. For the years ended December 31, 2024 and 2023, the Company made cash payments of \$29,273 and \$21,975 to the accounting firm for bookkeeping services.

The Company contracted a contemporary art studio that is wholly owned by the daughter of the Company's 0.49% investor member for graphic design work. For the years ended December 31, 2024 and 2023, the Company made cash payments of \$39,929 and \$33,750 to the art studio for these services.

NOTE F – LITIGATION

On January 14, 2024, a former franchisee of the Company filed a lawsuit against the Company. The legal proceedings allege that the Company breached its contract with the former franchisee and violated related state laws. The Company disputes the former franchisee's claims and are aggressively defending them. Discovery in the case has not commenced and the Company's counsel has made no determination of the merits of the case. As of the date of this report, the former franchisee has not alleged a specific amount of damages.

**1 PERCENT LISTS FRANCHISES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE G – SUBSEQUENT EVENTS

Management has evaluated subsequent events for potential recognition or disclosure through May 13, 2025, the date the financial statements were available to be issued. The following was noted for disclosure:

In February of 2025, a claim against the Company was detailed in a Texas bankruptcy filing as an asset of a bankruptcy estate. The claim arose from a dispute between a former franchisee and a listing agent, who later filed for bankruptcy. The Bankruptcy Trustee for the case has determined that the claim against the Company has no merit and will not be pursued. However, the Bankruptcy Court has instructed the Bankruptcy Trustee to market the claim and allow it to be sold at auction, which has not yet occurred. Should the claim be auctioned, the Company intends to bid on the claim, and if not the highest bidder, will object to the sale. As of the date of this report, management is unable to reasonably estimate the value of this claim.

1 PERCENT LISTS FRANCHISES, LLC

**Financial Statements and
Independent Auditors' Report**

For the Years Ended December 31, 2023 and 2022

1 PERCENT LISTS FRANCHISES, LLC

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Mandeville, LA 70471
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INDEPENDENT AUDITORS' REPORT

To the Managing Members of
1 Percent Lists Franchises, LLC
Covington, Louisiana

Opinion

We have audited the accompanying financial statements of 1 Percent Lists Franchises, LLC (a Louisiana limited liability company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 1 Percent Lists Franchises, LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 1 Percent Lists Franchises, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 1 Percent Lists Franchises, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 1 Percent Lists Franchises, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 1 Percent Lists Franchises, LLC's ability to continue as a going concern for a reasonable period of time.

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



Mandeville, Louisiana
April 26, 2024

1 PERCENT LISTS FRANCHISES, LLC
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|-------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 117,903 | \$ 44,048 |
| Accounts Receivable, Net of Allowance for Expected Credit Losses | <u>53,447</u> | <u>30,987</u> |
| TOTAL CURRENT ASSETS | 171,350 | 75,035 |
| Property, Plant, and Equipment | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | <u><u>\$ 171,350</u></u> | <u><u>\$ 75,035</u></u> |
| LIABILITIES AND MEMBERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 473 | \$ 12,924 |
| Advance Payment | 54 | - |
| Credit Cards Payable | 10,232 | 21,128 |
| Other Liabilities | 250 | - |
| Deferred Franchise Fee Revenue | <u>60,479</u> | <u>52,695</u> |
| TOTAL CURRENT LIABILITIES | 71,488 | 86,747 |
| Deferred Franchise Fee Revenue, Noncurrent | <u>363,103</u> | <u>298,746</u> |
| TOTAL LIABILITIES | 434,591 | 385,493 |
| MEMBERS' EQUITY | <u>(263,241)</u> | <u>(310,458)</u> |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | <u><u>\$ 171,350</u></u> | <u><u>\$ 75,035</u></u> |

See Independent Auditors' Report and Notes to Financial Statements

1 PERCENT LISTS FRANCHISES, LLC
INCOME STATEMENTS AND CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| FEE REVENUE | | |
| Franchise Fee Revenue | \$ 93,860 | \$ 62,817 |
| Royalty Fee Revenue | 416,107 | 309,323 |
| Advertising Revenue, Net of Franchisee Reimbursements | 1,075 | 2,675 |
| Franchise Support - Software Charge Revenue, Net of Franchisee Reimbursements | 9,108 | - |
| Late Charges | 4,042 | - |
| TOTAL FEE REVENUE | 524,192 | 374,815 |
| COST OF SALES | 13,915 | 1,015 |
| GROSS PROFIT | 510,277 | 373,800 |
| OPERATING EXPENSES | | |
| Selling Expenses | 167,456 | 257,532 |
| General and Administrative Expenses | 296,115 | 304,869 |
| TOTAL OPERATING EXPENSES | 463,571 | 562,401 |
| OTHER INCOME | | |
| Other Charges | 511 | 1,866 |
| TOTAL OTHER INCOME | 511 | 1,866 |
| NET INCOME | \$ 47,217 | \$ (186,735) |
| MEMBERS' EQUITY, BEGINNING OF PERIOD | (310,458) | (183,723) |
| Contributions from Members | - | 60,000 |
| MEMBERS' EQUITY, END OF PERIOD | \$ (263,241) | \$ (310,458) |

See Independent Auditors' Report and Notes to Financial Statements

1 PERCENT LISTS FRANCHISES, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|--------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income (Loss) | \$ 47,217 | \$ (186,735) |
| Adjustments to Reconcile Net Loss to Net Cash Provided by (Used In) Operating Activities: | | |
| Depreciation Expense | - | - |
| Change in: | | |
| Accounts Receivable | (22,460) | 932 |
| Accounts Payable | (12,451) | (526) |
| Advance Payment | 54 | - |
| Credit Cards Payable | (10,896) | 5,663 |
| Other Liabilities | 250 | - |
| Deferred Franchise Fee Revenue | 72,141 | 70,184 |
| | <u>73,855</u> | <u>(110,482)</u> |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | - | - |
| Proceeds from Disposition of Fixed Assets | - | - |
| | <u>-</u> | <u>-</u> |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contributions from Members | - | 60,000 |
| | <u>-</u> | <u>60,000</u> |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | |
| NET INCREASE (DECREASE) IN CASH | 73,855 | (50,482) |
| CASH, BEGINNING OF YEAR | <u>44,048</u> | <u>94,530</u> |
| CASH, END OF YEAR | <u><u>\$ 117,903</u></u> | <u><u>\$ 44,048</u></u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid for Interest During the Year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

See Independent Auditors' Report and Notes to Financial Statements

**1 PERCENT LISTS FRANCHISES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – 1 Percent Lists Franchises, LLC (the Company) was formed as a closely-held Louisiana limited liability company with a perpetual life on March 5, 2020, and is a full-service discount real estate broker. The Company sells franchises to real estate brokers for a one-time franchise fee and subsequent monthly royalty fees. As of December 31, 2023, the Company had thirty-nine franchise owners across nineteen states. As of December 31, 2022, the Company had thirty-one franchise owners across sixteen states. The Company's headquarters are located in Covington, Louisiana.

Recognition of Fee Revenue – The Company's revenue is derived primarily from the franchise and royalty fees associated with the sale of franchises to brokers.

On the Franchise Agreement date, a franchise fee is due to the Company. This fee is non-refundable and is generally due to the Company in a lump sum. Some franchise owners have negotiated amendments to the franchise agreement to pay a portion of the initial franchise fee at signing and the remaining balance at a later date. The Company recognizes franchise fee revenue over the term of the Franchise Agreement. The unamortized balance is classified as deferred franchise fee revenue.

In addition to the franchise fee, a monthly royalty fee is due to the Company. The royalty fee is calculated as either a fixed fee per transaction or as a percentage of gross commission per transaction and is to be paid monthly. The Company recognizes royalty fee revenue when earned.

Accounts Receivable – Allowance for Expected Credit Losses – The allowance for credit losses is a valuation account that is deducted from accounts receivable based on the net amount expected to be collected. Accounts receivable is charged off against the allowance when management believes the receivable is confirmed as uncollectible. Management estimates the allowance using relevant available information about past events, including historical experience, current conditions, and reasonable and supportable forecasts.

Advertising – The Company expenses advertising costs as they are incurred. Advertising expense for the year ended December 31, 2023 was \$167,456 and for the year ended December 31, 2022 was \$257,532.

Income Taxes – The financial statements do not include a provision for income taxes, because the limited liability company has elected to be taxed as a partnership and therefore does not incur federal or state income taxes. Instead, the earnings and losses are included in the partners' personal income tax returns and taxed based on their personal tax strategies.

Use of Estimates – Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

1 PERCENT LISTS FRANCHISES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risks and Uncertainties – The real estate industry is highly competitive and subject to periodic changes in demand and the effect of mortgage interest rates and homeowner’s insurance rates. The success of the Company is based largely on the success of its franchisees. Franchisees are located throughout the United States.

Adoption of New Accounting Standard – In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, “*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*” to amend its guidance on the impairment of financial instruments. The ASU adds an impairment model known as the current expected credit loss (CECL) model, which is based on expected losses rather than incurred losses. The Company adopted this standard effective January 1, 2023.

NOTE B – ACCOUNTS RECEIVABLE

Accounts receivable includes the remaining balances of franchise fees not yet collected from franchise owners with a payment plan arrangement and royalty fees earned but not yet collected from franchise owners. The accounts receivable balance includes an allowance for expected credit losses for uncollectible accounts. The accounts receivable balance at December 31, 2023 and 2022 is represented by the following:

| | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| Royalty Fees – Non-Related Party | \$ 26,357 | \$ 18,989 |
| Royalty Fees – Related Party (Note E) | 7,382 | 5,248 |
| Franchise Fees | 31,000 | -0- |
| Late Charges | 1,798 | -0- |
| Ad Sharing Fees | 250 | 6,750 |
| Software Charge Revenue | 160 | -0- |
| Accounts Receivable | <u>66,947</u> | <u>30,987</u> |
| Less: Allowance for Expected Credit Losses | <u>13,500</u> | <u>-0-</u> |
| Accounts Receivable, Net of Allowance | <u>\$ 53,447</u> | <u>\$ 30,987</u> |

See Independent Auditors’ Report

**1 PERCENT LISTS FRANCHISES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE C – DEFERRED FRANCHISE FEE REVENUE

Deferred franchise fee revenue consists of amounts deferred resulting from the Company’s receipt of cash payments in advance of satisfying its performance obligations. Deferred franchise fee revenue is recognized on a straight-line basis over the ten-year term of the Franchise Agreement. The following table reflects the changes in deferred franchise fee revenue for the years ended December 31, 2023 and 2022:

| | <u>For the Year Ended 2023</u> | <u>For the Year Ended 2022</u> |
|-------------------------------|---|---|
| Balance at January 1 | \$ 351,442 | \$ 281,258 |
| Revenue Deferred | 166,000 | 133,000 |
| Revenue Recognized | <u>(93,860)</u> | <u>(62,817)</u> |
| Balance at December 31 | <u>\$ 423,582</u> | <u>\$ 351,441</u> |

NOTE D – MEMBERS’ EQUITY

The Company was formed in 2020 as a limited liability company wholly-owned by Grant and Kelly Clayton. In 2021, the Company added seven new members. The following lists the members’ profit and loss percentages at December 31, 2023 and 2022:

| | <u>2023 Profit and Loss Percentages</u> | <u>2022 Profit and Loss Percentages</u> |
|--------------------------------|--|--|
| <u>Managing Members</u> | | |
| Grant Clayton | 43.45% | 43.44% |
| Kelly Clayton | 43.45% | 43.43% |
| <u>Investor Members</u> | | |
| Cody Currier | 3.94% | 3.96% |
| Dean Cacioppo | 3.94% | 3.96% |
| Scott McLaughlin | 1.97% | 1.98% |
| Todd Dean | 1.97% | 1.98% |
| Charles Renwick | 0.79% | 0.75% |
| Stacia Lamulle | 0.49% | 0.25% |
| Kenneth Lamulle Jr. | 0.00% | 0.25% |
| TOTAL | <u>100.00%</u> | <u>100.00%</u> |

**1 PERCENT LISTS FRANCHISES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE E – RELATED PARTY TRANSACTIONS

The Company has licensed its trademark from 1 Percent Lists IP, LLC. 1 Percent Lists IP, LLC is wholly owned by the Company's two managing members. The license agreement extends until July 10, 2030.

The two managing members and three investor members are invested in five franchisees of the Company. The following details the franchise fee revenue, royalty fee revenue, and accounts receivable balances for the related party transactions:

- The managing members of the Company are invested in two franchisees of the Company. Also, an investor member of the Company, with a profit and loss percentage of .49%, is invested in the same two franchisees of the Company. In 2023, the Company recorded royalty fee revenue of \$25,258 and franchise fee revenue of \$2,400 related to these transactions. In 2022, the Company recorded royalty fee revenue of \$28,084 and franchise fee revenue of \$2,400 related to these transactions. In addition, the related party accounts receivable balance for royalty fees was \$1,879 at December 31, 2023 and \$588 at December 31, 2022.
- The same investor member above with a profit and loss percentage of .49% is also the owner of one franchisee of the Company. In 2023, the Company recorded royalty fee revenue of \$43,500 and franchise fee revenue of \$750 related to these transactions. In 2022, the Company recorded royalty fee revenue of \$43,250 and franchise fee revenue of \$750 related to these transactions. In addition, the related party accounts receivable balance for royalty fees was \$2,660 at December 31, 2023 and \$1,750 at December 31, 2022.
- Two investor members of the Company, with profit and loss percentages of 3.94% and 1.97%, are invested in two franchisees of the Company. In 2023, the Company recorded royalty fee revenue of \$34,606 and franchise fee revenue of \$1,500 related to these transactions. In 2022, the Company recorded royalty fee revenue of \$47,586 and franchise fee revenue of \$1,500 related to these transactions. In addition, the related party accounts receivable balance for royalty fees was \$2,843 at December 31, 2023 and \$2,911 at December 31, 2022.

The Company has a month-to-month service agreement with an internet marketing firm in which one of the Company's 3.94% investor members is invested. In 2023 and 2022, the Company paid monthly custom SEO advertising, monthly tacklebox maintenance, and new franchise web building fees to the firm. For the years ended December 31, 2023 and 2022, the Company made cash payments of \$80,388 and \$177,550 to the internet marketing firm for these services.

The Company has a service agreement with an accounting firm that is wholly owned by the Company's 0.79% investor member. The service agreement details a per unit flat fee for service billings. Services include generating monthly royalty and advertising invoices, as well as conducting new franchisee training. For the years ended December 31, 2023 and 2022, the Company made cash payments of \$21,975 and \$16,239 to the accounting firm for bookkeeping services.

**1 PERCENT LISTS FRANCHISES, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE E – RELATED PARTY TRANSACTIONS (continued)

The Company contracted a contemporary art studio that is wholly owned by the daughter of the Company's 0.49% investor member for graphic design work. For the years ended December 31, 2023 and 2022, the Company made cash payments of \$33,750 and \$19,000 to the art studio for these services.

NOTE F – SUBSEQUENT EVENTS

Management has evaluated subsequent events for potential recognition or disclosure through April 26, 2024, the date the financial statements were available to be issued. The following was noted for disclosure:

On January 14, 2024, a former franchisee of the Company filed a lawsuit against the Company. The legal proceedings allege that the Company breached its contract with the former franchisee and violated related state laws. The Company disputes the former franchisee's claims and are aggressively defending them. Management's assessment, based on its interpretation of the underlying franchise agreement and independent legal advice, is that the former franchisee's claim has little merit. As of the date of this report, the former franchisee has not identified a specific amount of damages.

1 PERCENT LISTS FRANCHISES, LLC

Unaudited Financial Statements

For January 1, 2025 to ~~March 31~~June 30, 2025

These Financial Statements have been prepared without an Audit.
Prospective Franchisees or sellers of Franchises should be advised that no
Independent Certified Public Accountant has audited these figures or
Expressed an opinion with regard to their content or form.

Prepared Financial Statements

1 PERCENT LISTS FRANCHISES, LLC

As of ~~March 31~~ June 30, 2025

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Balance Sheet

1 PERCENT LISTS FRANCHISES, LLC

As of ~~March 31~~ June 30, 2025

Accrual Basis

~~MAR 31~~ JUN 30, 2025

Assets

Current Assets

| | | |
|-----------------------------|-------------------|-------------------|
| Cash and cash equivalents | 134,732.64 | 200,444.79 |
| Accounts receivable | 97,441.59 | 307.80 |
| Total Current Assets | 194,040.44 | 297,886.38 |

Non-Current Assets

| | | |
|---------------------------------|--------------------|-------------|
| Other assets (non-current) | (2,7609.64) | 0.00 |
| Total Non-Current Assets | (2,7609.64) | 0.00 |

| | | |
|---------------------|-------------------|-------------------|
| Total Assets | 191,280.44 | 288,246.38 |
|---------------------|-------------------|-------------------|

Liabilities and Equity

Liabilities

Current liabilities

| | | |
|----------------------------------|-------------------|-------------------|
| Credit cards | 8,727.53 | 27,474.35 |
| Accounts payable | 1510. | 225.00 |
| Trade and other payables | 469,829.16 | |
| Other current liabilities | | (1.14) |
| Total Current liabilities | 493,780.55 | 507,527.37 |

Non-current liabilities

| | | |
|--------------------------------------|-------------------|-----------|
| Other non-current liabilities | 13,4043.94 | 97 |
| Total Non-current liabilities | 13,4043.94 | 97 |

| | | |
|--------------------------|-------------------|-------------------|
| Total Liabilities | 507,185.52 | 511,472.34 |
|--------------------------|-------------------|-------------------|

Equity

| | | |
|---------------------|---------------------|-------------------|
| Share capital | | (1,937.50) |
| Retained earnings | (313,967.58) | 221,288.46 |
| Total Equity | (315,905.08) | 223,225.96 |

| | | |
|-------------------------------------|-------------------|-------------------|
| Total Liabilities and Equity | 191,280.44 | 288,246.38 |
|-------------------------------------|-------------------|-------------------|

Income Statement

1 PERCENT LISTS FRANCHISES, LLC

For the 36 months ended ~~March 31~~ June 30, 2025

Accrual Basis

~~JAN-MAR~~ JUN 2025

Revenue

| | | |
|-------------------------------------|--------------------|----------------------|
| Service revenue | 168,826.64 | 32,115.48 |
| Total Revenue | 168,826.64 | 32,115.48 |
| Gross Profit | | 168,826.64 |
| Gross Profit % | | 100.00 |
| Expenses | | |
| Personnel expenses | 17,077.38 | 18,170.18 |
| <u>Selling expenses</u> | | 1,700.00 |
| Facilities expenses | | 1,8504.625 |
| Travel & entertainment | | 14,414.78 |
| General & Administrative expenses | 168,275.93 | 320,457.10 |
| Total Expenses | 201,618.09 | 371,552.81 |
| Operating Income | (32,791.45) | 60,562.67 |
| Other Income/(Expense) | | |
| Other Income (Expense) | | (6751,350.00) |
| Total Other Income/(Expense) | | (6751,350.00) |
| Net Income | (33,466.45) | 59,212.67 |
| Net Margin % | | (19.82)13.70 |
| Total Comprehensive Income | (33,466.45) | 59,212.67 |

Changes in Stockholders' Equity

1 PERCENT LISTS FRANCHISES, LLC For the 6 months ended June 30, 2025 Accrual Basis

| | <u>JAN-JUN 2025</u> |
|-------------------------------|---------------------|
| <u>Equity</u> | |
| <u>Opening Balance</u> | (282,438.63) |
| <u>Increases</u> | |
| <u>Profit for the period</u> | 59,212.67 |
| <u>Total Increases</u> | 59,212.67 |
| <u>Total Equity</u> | (223,225.96) |

Statement of Cash Flows - Indirect Method

1 PERCENT LISTS FRANCHISES, LLC

For the 6 months ended June 30, 2025

| | JAN-JUN 2025 | JAN-JUN |
|---|------------------|------------------|
| <u>2024</u> | | |
| <u>Operating Activities</u> | | |
| Net income | 59,212.67 | 898.87 |
| <u>Changes in operating assets and liabilities</u> | | |
| Accounts receivable | (39,472.21) | (37,008.60) |
| Accounts payable | 1,699.70 | 62,011.34 |
| Credit cards | 2,074.18 | (3,025.23) |
| Other operating liabilities | (15,039.45) | 5,749.99 |
| Net cash provided by operating activities | 8,474.89 | 28,626.37 |
| <u>Investing Activities</u> | | |
| <u>Other cash items from investing activities</u> | | |
| Assets | 7,598.50 | - |
| Net cash flows from investing activities | 7,598.50 | - |
| Net cash flows from financing activities | - | - |
| Net Cash Flows | 16,073.39 | 28,626.37 |
| <u>Cash and Cash Equivalents</u> | | |
| Cash and cash equivalents at beginning of period | 184,371.40 | 117,903.45 |
| Net cash flows | 16,073.39 | 28,626.37 |
| Cash and cash equivalents at end of period | 200,444.79 | 146,529.82 |
| Net change in cash for period | 16,073.39 | 28,626.37 |

EXHIBIT B TO THE DISCLOSURE DOCUMENT

**FORM OF
FRANCHISE AGREEMENT**

1 PERCENT LISTS FRANCHISES, LLC

FRANCHISE AGREEMENT

AGREEMENT DATE: _____

FRANCHISEE: _____

1 PERCENT LISTS® BUSINESS NUMBER: _____

ADDRESS OF 1 PERCENT LISTS® BUSINESS: _____

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Exhibits:

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1 PERCENT LISTS FRANCHISES, LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “**Agreement**” or this “**Franchise Agreement**”) is, upon execution of this Agreement by both you and us, effective as of _____ (the “**Agreement Date**”). The parties to this Agreement are **1 PERCENT LISTS FRANCHISES, LLC**, a Louisiana limited liability company, with its principal business address at **123 Terra Bella Boulevard, Suite 2C, Covington, LA 70433** (referred to in this Agreement as “**we**,” “**us**” or “**our**”), and _____, whose principal business address is _____ (referred to in this Agreement as “**you**,” “**your**” or “**Franchisee**”).

I. INTRODUCTION.

1.1. **The 1 Percent Lists® System.** Through the expenditure of considerable time and effort, we and our affiliates have developed a distinctive system (our “**System**”) for the development and operation of businesses that, using our System, Marks and Copyrights, offer and sell to persons of the ages we may designate the Products and Services we designate or approve (the “**1 Percent Lists® Business(es)**”).

The System, Products and Services form part of our proprietary real estate brokerage office services (the “**1 Percent Lists® Program**” or “**Our Program**”). Our Program forms the fundamental basis of the 1 Percent Lists® Businesses’ efforts to serve the residential and commercial real estate buyer or seller. Our Program guides among other aspects of the development and operation of 1 Percent Lists® Businesses, the manner of dealing with residential and commercial real estate customers, listing policies and procedures, commission splits, marketing and promotion.

We use, promote and license certain trademarks, service marks and other commercial symbols in the operation of 1 Percent Lists® Businesses, including the trade and service marks “**1 Percent Lists®**” (design and word mark); “**1% Lists®**”; and other associated logos, designs, symbols and trade dress, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks and commercial symbols in conjunction with the operation of 1 Percent Lists® Business (collectively, the “**Marks**”).

We appoint certain persons who meet our standards and qualifications and who are willing to undertake special efforts (“**Franchisees**”) the right (“**Unit Franchise**”) to own and operate an individual 1 Percent Lists® Business. Under this Agreement, we grant to you a Unit Franchise to operate your Business subject to the terms and conditions, promises, representations, warranties and acknowledgements contained in this Agreement. By your and our signing of this Agreement, you are becoming and serving as one of our Franchisees for the operation of a Unit Franchise. The 1 Percent Lists® Business you conduct pursuant to this Agreement is sometimes referred to as “**your Business**.”

In conducting your Business, you will need to develop and operate the 1 Percent Lists® Business, and in doing so you must hire or obtain the services of real estate brokers (“**Brokers**”) and real estate sales or leasing associates (“**Agents**”). We refer to Brokers and Agents collectively, as the “**Real Estate Professionals**”). Depending on the laws of your state, the Real Estate Professionals may be employed by or independent contractors for the 1 Percent Lists® Business. Agents may be required by law or by us to work under the supervision and license of a Broker, who may not be on-site unless required by state law. In operating your Business, you may operate out of a home office or out of a commercial real estate office owned or leased by you. If you are converting an existing real estate business to a 1 Percent Lists® Business, you will be required to follow all of our System Standards (described below) for the conversion of that business. Your development and operation of your home office or commercial office must also comply with our System Standards.

We refer to 1 Percent Lists® Businesses that are owned or controlled, in whole or in part, by us or our affiliates as “**Company Owned Businesses.**” We refer to Company Owned Businesses and franchised 1 Percent Lists® Businesses as “**System Businesses.**”

1.2. **Acknowledgments.** You acknowledge and agree that:

- (a) You have read, in their entirety, this Agreement, its exhibits and our Franchise Disclosure Document and its exhibits;
- (b) You understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each 1 Percent Lists® Business and to protect and preserve the System, Copyrights and goodwill of the Marks;
- (c) You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a 1 Percent Lists® Business may evolve and change over time;
- (d) An investment in a 1 Percent Lists® Business involves business risks and that your business abilities and efforts are vital to the success of the venture;
- (e) Any information you acquire from other 1 Percent Lists® Business franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;
- (f) In all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us;
- (g) We have advised you to have this Agreement reviewed and explained to you by an attorney;
- (h) This Agreement is not effective until it is signed by our duly authorized representative;
- (i) Terms not otherwise defined in this Agreement which are defined in our Franchise Disclosure Document (FDD) have the meanings as defined in our FDD; and
- (j) All fees under this Agreement are due regardless of the volume or value of referrals, and the fees paid by you under this Agreement are intended to compensate us for services and rights other than the volume or value of any referrals.

1.3. **Representations.** You represent to us, as an inducement to our entry into this Agreement, that:

- (a) All statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise;

- (b) You will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the “**Anti-Terrorism Laws**”); and
- (c) Neither you nor any of your owners, employees, agents, property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws.

Upon our execution of this Agreement, we have approved your request to purchase a franchise and operate your Business in reliance on all of your representations.

1.4. **No Warranties.** We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of 1 Percent Lists® Businesses. You acknowledge and understand the following:

- (a) Any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;
- (b) Any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing 1 Percent Lists® Business owned by us or our affiliates, or that is not contained in our Franchise Disclosure Document, is unauthorized, unwarranted and unreliable and should be reported to us immediately;
- (c) You have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you agree to: (i) immediately notify our CEO; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it; and
- (d) We make no representations or warranties that the sale, lease, or license of a 1 Percent Lists® Business and/or franchise does not violate any Federal or State laws including, without limitation, Federal and State laws prohibiting kickbacks, self-referral, fee-splitting, real estate, disclosures of ownership interest, or any other law relating to the listing or sale of real estate, or lending of monies in connection with the same.

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

- (a) You have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

- (b) Your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement, and the name of your business organization will not contain any of our Trademarks or any derivation thereof, which is prohibited;
- (c) The Owner Statement will completely and accurately describe all of your direct and indirect owners and their interests in you. A copy of our current form of "**Owner Statement**" is attached as Exhibit "C" to our Franchise Disclosure Document;
- (d) You and your owners agree to revise the Owner Statement, as may be necessary, to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes that changes your existing ownership by more than 10% in the aggregate may be made without our approval);
- (e) An Owner of the Business Entity with ownership of at least ten percent (10%) of its voting securities must: (i) have a sufficient amount of experience in managing and operating full service 1 Percent Lists® Businesses (in terms of duration, operational responsibilities, previous training, etc.) as a general manager or in a similar supervisory position to demonstrate to us that he/she is capable of managing your Business; (ii) have management responsibility and authority over you or your Business on a day-to-day basis; (iii) be actively employed on a full-time basis to manage the Business' operations; (iv) be bound by our then-current form of Confidentiality Agreement (or other form satisfactory to us); and (v) satisfactorily complete our initial training program and any other training programs we request during the Term;
- (f) Each of your Owners, during the term of this Agreement, will sign and deliver to us our standard form of Owners Guaranty ("**Owner's Guaranty**") undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us (subject only to the limitations described in the Owner Guaranty). At our option, we may require each of your owners to execute either the same or a separate Owners Guaranty. But, your owners having less than 10% ownership in you are not required under the Owner's Guaranty to be responsible for past due Royalty, Systems Training Fee, System Fund Fees, Website and Initial Package Fees and other fees under the Franchise Agreement. A copy of our current form of Owner Guaranty is attached as an Exhibit to our Franchise Disclosure Document; and
- (g) At our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

II. GRANT AND TERM; TARGET MARKETING AREA AND SITE SELECTION AREA.

2.1. **Grant and Term of Franchise.** Subject to the terms of and upon the conditions contained in this Agreement, we grant you the right to, during the Term: (i) operate your Business located only at or from a location we approve and no other locations unless you do so on a mobile basis within the Targeted Marketing Area according to our System Standards; (ii) use the Marks and Copyrights in connection with operating your Business; (iii) use the System in the operation of your Business; and (iv) offer through your Business only the Products and Services we approve (and Other Services if we permit you to do so). The term of the franchise and this Agreement (the "**Term**") is seven (7) years and begins on the Agreement Date and expires seven (7) years from the Agreement Date. The date your Business opens for business is referred to as the "**Opening Date.**" This Agreement may be terminated before it expires according to the terms of this Agreement. The franchise granted to you under this Agreement allows you to market and provide Products

and Services to clients/customers who are of the ages we may designate (and persons between 12 and 18 years of age under our International Program only).

2.2. Target Marketing Area and Site Selection Area.

- (a) You have applied for a franchise to operate from the site that must be located within the geographic area we designate or approve as the “**Site Selection Area.**” The Site and Site Selection Area are (or if determined after execution, will be) designated in **Exhibit "A"** to this Franchise Agreement.
- (b) We grant each 1 Percent Lists® Business a non-exclusive geographic area (the “**Target Marketing Area**”) within which our System Standards dictate they must focus at least 90% of their efforts to list and sell commercial or residential real estate, or in which to list and assist renters with renting commercial real estate. 1 Percent Lists® Businesses and Company Owned Businesses’ Target Marketing Areas may overlap. You must comply with and follow our commission split rules and other System Standards for activities inside of and outside of Targeted Marketing Areas.

2.3. Rights We Reserve.

- (a) We (and our affiliates) retain the right to:
 - (i) Solicit prospective Franchisees and grant other Unit Franchises, or other persons rights to operate similar System Businesses, through national or regional advertising, trade shows or conventions, through the use of the internet, intranet, other forms of e-commerce or similar means;
 - (ii) Grant licenses or franchises to others to operate a 1 Percent Lists® Business, or to own and operate a 1 Percent Lists® Business or other System Businesses ourselves or through affiliates, anywhere;
 - (iii) Sell, solicit, recruit and provide services for the 1 Percent Lists® Business, other System Businesses, or any franchised business not defined as a 1 Percent Lists® Business in this Agreement;
 - (iv) Sell Products and Services and any Ancillary Products and Services, and provide other Products and Services under the Marks or other trade names, trademarks, service marks and commercial symbols, through similar or dissimilar channels which are not accessible by 1 Percent Lists® Businesses or other System Businesses (like telephone, co-branded sites, or through alternative channels of distribution, mail orders, sites located within other retail businesses, intranet, web sites, wireless text, mobile communication device, email or other forms of e-commerce) for distribution within and or outside of your Target Marketing Area, and under such terms and conditions as we consider appropriate;
 - (v) Operate and implement Corporate Accounts and offer other services inside or outside your Target Marketing Area, and anywhere, in accordance with this Agreement;

- (vi) Solicit prospective Unit Franchise franchisees to own and operate businesses of any other kind or nature, anywhere; and
 - (vii) Grant others the right to do any of the above, as approved by us in writing;
 - (viii) Engage in any act or exercise any rights not expressly provided to you under this Agreement.
- (b) There are no limitations on our right to engage in alternative channels of distribution for any Products and Services.
 - (c) We reserve the right to, and may, in our sole discretion, design methods of distribution so that clients of System Businesses can acquire the Products and Services through Alternative Channels of Distribution like e-commerce, catalog or similar means that we control. We, in our sole discretion, may establish compensation structures to compensate the System Businesses for sales of Products and Services in their Target Marketing Areas associated with those clients according to our then current System Standards. If we do so, you must participate in, and comply with such program according to our System Standards. We may engage in any form of Alternative Channels of Distribution. If we allow you to engage in Alternative Channels of Distribution, you will be required to comply with all of our then current System Standards which we may designate as mark ups, re-sale procedures or other compensation structure, if any.

2.4. **Corporate Programs.** We may develop or allow you to develop one or more “**Corporate Programs**” for the benefit of the 1 Percent Lists® Businesses and other System Businesses. A “**Corporate Account**” is a client or a group of clients that operate under common ownership or control, through independent dealerships, businesses, affiliated entities, hospital systems, franchise systems, religious organizations, school systems, multiple offices of a practice with whom you or other 1 Percent Lists® Businesses affiliate, governmental units, banks, credit unions, unions, or businesses with multiple locations or disperse employees or some other association, for whom, or at whose locations or for whose members or personnel we have arranged for your Business or other 1 Percent Lists® Businesses to provide to their employees, members or participants the 1 Percent Lists® Program and any Approved Products and Services we designate, which may be offered under special pricing structures designated by us. (One example is a corporate relocation program.) It is your responsibility to find, sign up and maintain relationships with Corporate Accounts. From time to time we may, but are not obligated to, solicit Corporate Accounts for you. Regardless of any contrary provision of this Agreement, you and we agree as follows:

- (a) **Territorial Rights.** You agree that we or our designee may solicit your current or potential clients located inside or outside your Target Marketing Area (or anywhere if you are not granted a Target Marketing Area), whether or not you currently provide any Products or Services to them, in order to develop them as Corporate Accounts or for products or services we offer through e-commerce. We or our designee may do so without violating any of your territorial rights as described in this Agreement;
- (b) **Best Efforts.** You must use your commercially reasonable best efforts to provide and sell the Products and Services we designate to Corporate Accounts participants located in your Target Marketing Area (if we request you to do so) on the terms and conditions we specify for the program for those Corporate Accounts. We may require you to do so at the location of a Corporate Account or by other means which may not be located within the confines of your Business. These terms may vary from Corporate Account to Corporate Account depending on the situations and circumstances. We may require that you coordinate your efforts with other System Businesses in order to provide and sell Products and Services to Corporate Accounts;

- (c) **Alternative Services.** You recognize that some Corporate Accounts, for whatever reason, may decide that they do not want to do business with you. If that happens, we will cooperate with you to the extent we deem practicable to resolve the Corporate Account's (or their clients'/participants') concerns. However, if the Corporate Account (or their clients or participants) continues to refuse to do business with you as a result of your failure to comply with the System Standards, lapses in your client service, or any other reason, we may prohibit you from participating in any Corporate Account;
- (d) **Indemnification.** You agree to indemnify us against any and all expenses we incur or monies we refund to such Corporate Account resulting from your failure to provide or sell products and/or services to it;
- (e) **Terms and Conditions.** You must honor the terms and conditions we specify and develop for Corporate Accounts, including, but not limited to, the maximum pricing for products or services and any service schedules for any Corporate Account you service; and
- (f) **Eligibility.** Due to the need to ensure adherence to the System Standards in selling and providing products and services for Corporate Accounts, you will not be eligible for assignment of Corporate Accounts unless you are in full compliance with this Agreement.

2.5. **International Program.** You will only offer the Products and Services we designate or approve as part of our International Program to those individuals from outside of the United States or in relation to real estate located outside of the United States. You will not offer any Products or Services to persons outside of the US or for Real Estate outside of the US, if not part of and pursuant to the System Standards for our International Program.

2.6. **Other Services.** We may permit or require you to provide Other Services. "Other Services" are services not currently offered to be performed at 1 Percent Lists® Businesses which are related to the real estate or lending industry. If we do so, we will designate the areas in which you can provide the Other Services. You must not perform any Other Services outside of the areas we designate for them. We do not grant you any exclusive territorial rights to any areas for providing Other Services. Your offering of Other Services will be governed by this Franchise Agreement and you will be required to comply with our System Standards for offering any Other Services. And, we may charge you our then current new and additional fees to offer the Other Services. If you provide any Other Services, you must: (i) ensure that your customers receive, at all times, high quality Products and Services in accordance with our System Standards; (ii) not provide any Other Services to any location outside of the areas we designate for your providing such Other Services; and (iii) be able to provide such Other Services in accordance with applicable laws, rules, and regulations. You must maintain the condition and appearance of and perform maintenance with respect to all vehicles and equipment, if any, used in connection with your providing Other Services in accordance with our System Standards. You must maintain adequate motor vehicle liability and other insurance of the types and in the amounts that we may designate from time to time, if vehicles are used, for such Other Services. If you fail to comply with any of your obligations in connection with providing Other Services, then, in addition to any other rights or any remedies that we may have (including the right to terminate this Agreement), we may temporarily suspend or permanently terminate your rights to provide any particular or all Other Services or restrict the geographic area in which you may provide any or all Other Services.

III. SUCCESSOR TERMS.

3.1. **Your Right to Acquire a Successor Franchise.** Upon the expiration of this Agreement, if you (and each of your owners) have substantially complied with this Agreement during its Term, and provided that:

- (a) You maintain possession of and agree to remodel and/or expand your site (but not applicable to home offices), add or replace improvements, equipment and signs and, otherwise modify your Business as we require to bring it into compliance with specifications and standards then applicable for 1 Percent Lists® Businesses,
- (b) If you are unable to maintain possession of the commercial office site, or if in our judgment your Business should be relocated, you secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for 1 Percent Lists® Businesses and continue to operate your Business at the site until operations are transferred to the substitute premises,
- (c) You have maintained or can demonstrate the establishment of a relationship with a Broker that meets our System Standards and is approved by us, and
- (d) You timely pay to us the Successor Franchise Fee as described in Section 6.19 of this Agreement;

then, subject to the terms and conditions set forth in this Agreement relating to Successor Franchises, you will have the right to acquire two (2) Successor Franchises (each a “**Successor Franchise**”) to operate your Business as a 1 Percent Lists® Business, for additional five (5) year periods on the terms and conditions of the franchise agreement we are then using in granting Successor Franchises for a 1 Percent Lists® Business.

3.2. **Grant of a Successor Franchise.** You agree to give us written notice of your election to acquire a Successor Franchise during the first ninety (90) days of: (i) the sixth (6th) year of the term of this Agreement, or (ii) the fourth (4th) year of the term of any Successor Franchise. We agree to give you written notice (“**Response Notice**”) not more than ninety (90) days after we receive your notice, of our decision:

- (a) To grant you a Successor Franchise;
- (b) To grant you a Successor Franchise on the condition that deficiencies of your 1 Percent Lists® Business are corrected; or
- (c) Not to grant you a Successor Franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term.

If applicable, our Response Notice will:

- (a) Describe the remodeling and/or expansion of your Business and other improvements or modifications required to bring your Business into compliance with then applicable specifications and standards for a 1 Percent Lists® Business; and
- (b) State the actions you have to take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a Successor Franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a Successor Franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

If our Response Notice states that you must cure certain deficiencies of your 1 Percent Lists® Business or its operation as a condition to the grant of a Successor Franchise, we will give you written notice of a decision not to grant a Successor Franchise unless you cure such deficiencies, not less than ninety (90) days prior to the expiration of this Agreement. However, we will not be required to give you such notice if we decide not to grant you a Successor Franchise due to your breach of this Agreement during the ninety (90) day period prior to its expiration. If we fail to give you: (i) notice of deficiencies in your 1 Percent Lists® Business, or in your operation of your 1 Percent Lists® Business, within ninety (90) days after we receive your timely election to acquire a Successor Franchise; or (ii) notice of our decision not to grant a Successor Franchise at least ninety (90) days prior to the expiration of this Agreement, if such notice is required; we may extend the term of this Agreement for such period of time as is necessary in order to provide you with either reasonable time to correct deficiencies or ninety (90) days' notice of our refusal to grant a Successor Franchise.

3.3. **Agreements/Releases.** If you satisfy all of the other conditions to the grant of a Successor Franchise, you and your owners agree to execute the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of Successor Franchises for 1 Percent Lists® Businesses. The Royalty Fee and System Branding Fee upon renewal may be greater than the fees we then impose on similarly situated renewing franchisees. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. Failure by you or your owners to sign such agreements and releases and deliver them to us for acceptance and execution within thirty (30) days after their delivery to you will be deemed an election not to acquire a Successor Franchise. Our grant of a Successor Franchise to you is not effective unless and until we sign the Successor Franchise Agreement.

3.4. **Training and Refresher Programs.** Our grant of a Successor Franchise is also conditioned on the satisfactory completion by your Broker (who must be approved by us), and by and such Real Estate Professionals as we may designate of any new training and refresher programs as we or our designees may require. Both you and the 1 Percent Lists® Business are responsible for travel, living and compensation costs of your or their attendees.

3.5. **Subsequent Successor Franchises.** The procedure, fees and other conditions for acquiring any subsequent Successor Franchise will be the same as described above. If any subsequent Successor Franchise is granted, it will be governed under the then-current Successor Franchise agreement.

IV. SITE SELECTION AND DEVELOPMENT.

4.1. **Site Selection.** If you have not done so prior to signing this Agreement, you (with or without our assistance) must, within ninety (90) days of signing this Agreement, locate a site for your 1 Percent Lists® Business within the site Selection Area designated in Exhibit "A" and obtain our approval of that site. Any of your Brokers and Agents may operate from a home office site, and each of them will be treated as your home office site under this Agreement. Home office sites will meet our approval if they are located in your Targeted Marketing Area. Commercial office sites must meet our criteria, which we will provide you, for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, and proximity to, other 1 Percent Lists® Businesses; the nature of other 1 Percent Lists® Businesses in proximity to the site and other commercial characteristics; suitability for providing Business Management Services; and the size, appearance and other physical characteristics of the proposed site. We have the right to refuse to permit any new (non-conversion franchises) to seek to rent or own a commercial office site during their first year of operations. We encourage you and your Brokers and Agents to operate from a home site within the Targeted Marketing Area. We will approve or disapprove a site you propose for your Business within thirty (30) days after we receive from you a complete site report and any other materials we request. You acknowledge and agree that:

- (a) Our recommendation or approval of the site, does not imply, guaranty, assure, warrant or predict profitability or success, express or implied;

- (b) Our recommendation or approval of the site indicates only that we believe that the site falls within the acceptable demographic and other criteria for sites that we have established as of the time of our recommendation or approval of the site;
- (c) Application of criteria that have appeared effective with respect to other sites and premises may not accurately reflect the potential for all sites, and, after our approval of a site, demographic and/or other factors included in, or excluded from, our criteria could change to alter the potential of a site; and
- (d) The uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a site we have recommended or approved to meet expectations as to potential revenue or operational criteria.

4.2. **Relocation of the Site.** If (i) the Lease expires or terminates (other than as a result of your default); (ii) the site is destroyed, condemned or otherwise rendered unusable as a 1 Percent Lists® Business in accordance with the System Standards; or (iii) we determine there is a change in character of the location of the site sufficiently detrimental to its business potential to warrant your Business’ relocation, we will permit you to relocate your Business to another site approved by us within your Targeted Marketing Area, provided that you comply with all of our System Standards for site relocation and the replacement site meets our then-current site criteria. home office site relocations will be approved if the new home office site is within your Targeted Marketing Area.

4.3. Lease of Site.

- (a) **Sublease From Us:** We may, but are not obligated to, lease or sublease the commercial office site to you. If we do so, you agree to sign our then-current form of lease or sublease. If we sublease the commercial office site to you, we may charge a rent that exceeds the cost of rent we pay under our master lease agreement for the site. By signing this Agreement, we have no obligation to sell, sublease or lease any site to you.
- (b) **Lease Approval:** If you want to lease the commercial office site from someone other than us, you agree to deliver copies of the proposed lease agreement and related documents to us prior to signing them and obtain an approval of the Lease. You agree not to sign any lease agreement or related documents unless we have previously approved them. You must provide us copies of the lease documents at least 15 days before such approval is requested. Additionally, before entering into such a lease, you and the lessor must include the following provisions:
 - (i) During the term of the lease, the site/premises may only be used for the operation of the Business and for no other purpose;
 - (ii) The landlord must consent to your use and installation of the Marks, trade dress, signage and related features associated with the franchised system that we may prescribe from time to time, subject to the provisions of applicable law;
 - (iii) The landlord must agree to provide us with all revenue and other information that the landlord may have related to your operation of the Business as we may request, and you will consent to the landlord providing such information to us
 - (iv) The landlord will give written notice to us (concurrently with the giving of such notice to you) of any default (a “**Lease Default**”) by you under the lease by certified mail, return receipt requested, or by nationally recognized overnight courier service. This

notice to us shall be a prerequisite for the landlord's exercise of any remedies resulting from a Lease Default. Such notice will grant us the right, but not the obligation, to cure any Lease Default, if you fail to do so, within fifteen (15) days after the expiration of the period in which you may cure the Lease Default under the lease. Our election to cure shall not be deemed an election to assume the lease, unless and until we expressly do so in writing;

- (v) In the event of a Lease Default by you or the default of the Franchise Agreement by you, and upon written notice by us to have the lease assigned to us as lessee (the "**Assignment Notice**"), (1) we will become the lessee of the premises and we will be liable for all obligations under the lease arising after the date of the Assignment Notice and (2) the landlord will recognize us as the lessee of the premises effective as of the date of the Assignment Notice;
 - (vi) So long as the lease term continues and you are not in default under the lease, your use, possession and enjoyment of the premises will not be interfered with by any lender of the landlord;
 - (vii) Any Lease Default that is not cured by you within any applicable cure period in the lease constitutes grounds for termination of the Franchise Agreement;
 - (viii) The landlord and you will not cancel, terminate, modify or amend the lease including, without limitation, our rights without our prior written consent'
 - (ix) The landlord and you must acknowledge that we are not a party to the lease, but that we are intended to be a third party beneficiary of the lease with an independent right to enforce its terms against the landlord and you; and
 - (x) The benefits of the lease will inure to us and to our successors and assigns.
- (c) **No Warranty:** You acknowledge that our approval of the lease for the site does not constitute a guarantee or warranty, express or implied, of the successful operation or profitability of a 1 Percent Lists® Business at the site. Such approval indicates only that we believe that the site and the terms of the lease fall within the acceptable criteria we have established as of the time of our approval. YOU FURTHER ACKNOWLEDGE THAT WE HAVE ADVISED YOU TO UTILIZE YOUR OWN ATTORNEY TO REVIEW AND EVALUATE THE LEASE.
- (d) **Lease Indemnification.** You agree to indemnify, appear, defend and hold us and our affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that we or they incur resulting from any claim brought against us or any of them or any action in which we or any of them are named as a party or that we or any of them may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of the lease, including the failure to pay rent or any other terms and conditions of the lease.
- (e) **No Subordination.** You will not permit the lease to become subordinate to any lien without first obtaining our written consent, other than the lien created by this Agreement, the lessor's lien under the lease, liens securing bank financing for your operations of your Business and the agreements and other instruments referenced in this Agreement. You will not terminate, modify or amend any of the provisions or terms of the lease without our prior written consent. Any

attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

- (f) **Default.** If you breach or default under the lease, or if we pay the lessor any money as a result of your breach of the lease, we will be entitled to possession of the site and to all of your rights, title and interest in the lease, without limitation on any other remedies available to us under this Agreement, at law or in equity, or under any other agreements between you and us, and we may exercise our rights under this Agreement. This Agreement constitutes a lien on your interest in the lease until satisfaction in full of all amounts you owe us. In addition, our rights to assume all obligations under the lease are optional on our part, to be exercised in our sole judgment.

4.4. **Ownership and Financing.** Instead of leasing a commercial office site, you may propose to purchase, construct, own and operate a 1 Percent Lists® Business on real property owned by you or through affiliates. You must meet certain conditions if you or your affiliates own a commercial office site and you or your affiliates propose to obtain, whether prior or subsequent to acquisition, any financing with respect to the commercial office site, or the 1 Percent Lists® Business, or for any Operating Assets, in which any of these financed items are pledged as collateral securing your performance. The form of any purchase contract with the seller of a commercial office site and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including, but not limited to, the following:

- (a) A provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser;
- (b) A provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within fifteen (15) days after the expiration of a period in which you may cure such default or deficiency;
- (c) A provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for our termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes your default under the loan or mortgage; and
- (d) A provision requiring that you, at our option, lease the site to us if the Franchise Agreement is terminated, assigned, or transferred pursuant to a lease with commercially reasonable terms.

We waive the requirements of Sections 4.3 and 4.4 for home office sites.

V. BUSINESS DEVELOPMENT, DECOR AND OPERATING ASSETS.

5.1. Business Development.

You are responsible for developing your Business and making sure that the home office site meets our System Standards for home office sites as well as any commercial office site meets our System Standards for commercial office sites. You must identify and obtain our approval of your site within 30 days of the Agreement Date. To the extent any construction/build out or remodeling is required for a commercial office site, you will complete the construction/build out or remodeling of your Business (or converting an existing business) in accordance with our System Standards. You must obtain our approval for and open your Business for business within four (4) months of the date of execution of

this Agreement (the “**Opening Date**”) (unless we agree in writing to extend that period). In our sole discretion, if you have made full and complete applications for all building permits and all other permits required to open a 1 Percent Lists® Business within thirty (30) days of the date we approve the site and your lease for it, if any, we may grant to you one (1) thirty (30) day extension to obtain all necessary permits, provided that the delay was due to causes beyond your reasonable control. If you are developing a commercial office, you must submit documentation of the status of all applications necessary to operate your Business at least ten (10) days prior to the date of such thirty (30) day extension you request. If you are developing a commercial office we may, but are not obligated to furnish you with prototype design plans, specifications, decor and/or layout for a 1 Percent Lists® Business commercial office, including requirements for design, color scheme, image, interior layout, and Operating Assets which include fixtures, equipment, signs, and furnishings and space requirements relative to the 1 Percent Lists® Business, if any (collectively, the “**Designs**”). Our Designs may vary by type of site. These sample Designs are merely to provide guidance on the design and layout of other 1 Percent Lists® Businesses. These construction and build out requirements do not apply to home office sites. Without limiting your foregoing obligations, you agree, at your own expense, to do the following with respect to developing your Business at the site: Purchase or lease and install all Operating Assets and acquire all 1 Percent Lists® Business Materials we designate required for your Business; Purchase an opening inventory of authorized and approved products, materials and supplies; and Purchase from us (or our designees) the Website and Initial Package.

5.2. **Decor.** You agree that all décor of your commercial office site (if any) must be previously approved by us and must comply with our standards as described in the Manuals or other communications, which may be periodically revised. We own all Copyrights in and to all forms of art or other visual media displayed in your Business including murals, paintings, pictures, drawings, sculptures, and photographs that we direct you to display (including any artwork commissioned, if any, for your Business) (the “**Art**”), as well as all intellectual property rights in and to the Art. You will not, without our prior written permission, allow any of the Art to become a fixture to your Business and you will not display or use the Art in any Competitive Business or 1 Percent Lists® Business of any kind. Your failure to maintain your Business' décor in compliance with our System and the standards described in the Manuals or otherwise constitutes a material breach of this Agreement. You must also obtain the agreement of the Business to follow our System Standards relating to décor.

5.3. **Website and Initial Package.** Prior to the opening date of your 1 Percent Lists® Business, you must purchase from us the services we provide to set up your initial Broker and Agent websites, and you must purchase and install certain Products, supplies, equipment and services for use in decorating and operating your Business, and providing services to the Business (collectively, the “**Website and Initial Package**”). A more detailed description of the Website and Initial Package may be attached as Exhibit “A” to this Franchise Agreement and made a part hereof by reference. We deliver the Website and Initial Package items at no additional cost, but installation of any items needing installation is your responsibility and is at your own expense. We require that you demonstrate a Certificate of Occupancy for your commercial office site and that you have sufficient staff ready to receive delivery prior to us, our affiliates’ or our designees’ delivery of the Initial Package items. We do not provide any warranty or service guaranty of the products, items or services we provide. You must pay to us a fee we designate for the Website and Initial Package (the “**Website and Initial Package Fee**”) when you purchase the Website and Initial Package (on the Agreement Date). The Website and Initial Package Fee is fully earned by us when paid and is not refundable under any circumstances. If you choose to purchase additional products, supplies, equipment or services from us or from the same designees as we designate for the Website and Initial Package, you must pay us or our designees for such additional products, supplies, equipment and services (the “**Additional Website and Initial Package Fees**”). Unless otherwise agreed by us, the Additional Website and Initial Package Fees are due at the earlier of within 15 days of the date of our invoice to you or prior to delivery to you. As part of the Website and Initial Package, we host those Broker and Agent websites, but you are responsible for all costs of maintenance and support for them.

5.4. **Operating Assets and 1 Percent Lists® Business Materials.** You are responsible for equipping your Business for operations and making sure that it has sufficient furniture, fixtures, equipment, supplies, services and materials to operate according to our System Standards. We will identify: (a) the fixtures, furnishings, equipment (including phone systems, computer system, facsimile machines, and computer hardware and software) (collectively, the “**Operating Assets**”); (b) real estate listing, sales and rental related products and services, other Products and Services, materials, inventory, equipment, uniforms, apparel, supplies and signs, emblems, lettering, logos and display materials, advertising, SEO, connectivity services, MLS listing services, CRM software as a service, financial and accounting services, and human resources services we in our sole discretion deem necessary or desired for your Business to begin or sustain operations (collectively, the “**1 Percent Lists® Business Materials**”); and (c) the minimum standards and specifications that must be satisfied and the suppliers from whom these items may be purchased or leased (including us and/or our affiliates). You agree to acquire all 1 Percent Lists® Business Materials and Operating Assets from us or suppliers we have previously approved, which may include us or our affiliates. If we do not designate or approve a supplier for the Operating Assets or 1 Percent Lists® Business Materials, you must purchase them in accordance with, and they must meet our System Standards. We may designate quantities, models, brands and inventory levels of Operating Assets and 1 Percent Lists® Business Materials. We may also require that you purchase only from us or designated suppliers Operating Assets or 1 Percent Lists® Business Materials which bear our Marks. We will only approve suppliers whose 1 Percent Lists® Business Materials and Operating Assets meet the quality standards that we establish from time-to-time. You agree to only place or display at the commercial office site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. If you lease or sell any 1 Percent Lists® Business Materials or Operating Assets of your Business, such lease or sale agreements must be approved by us.

5.5. **Changes to Approved Suppliers.** You must purchase the 1 Percent Lists® Business Materials and Operating Assets from Approved Suppliers, and if an Approved Supplier is not designated, in accordance with our System Standards. You must comply with all of our System Standards for approval and use of, or contracting with third parties and suppliers:

- (a) **Designation and Approval of Suppliers:** You agree that the reputation and goodwill of 1 Percent Lists® Businesses and other System Businesses are based upon and can be maintained and enhanced only by the use of high quality suppliers of services, materials and equipment. We will provide you with a list, that we may modify from time-to-time, of approved manufacturers, suppliers, or distributors of Operating Assets and 1 Percent Lists® Business Materials. We may approve or designate suppliers, providers, distributors, or manufacturers for any types, models or brands of 1 Percent Lists® Business Materials, Operating Assets, and other equipment and business services that we approve or require for 1 Percent Lists® Businesses or which we designate in the Manuals as relating to the establishment or operation of the 1 Percent Lists® Business, which may include us or our affiliates as one of, or the only approved or designated supplier for certain items or services (the “**Approved Suppliers**”). You agree that you will not, without our written approval, use or authorize any of your personnel or other employees to use any services, material, supplies or equipment and/or suppliers, distributors, manufacturers or service providers not authorized by us for your 1 Percent Lists® Business. We may require that you and your suppliers, manufacturers, distributors or service providers utilize an ordering system we designate in the manner we designate.
- (b) **Review Procedures:** Our approval of Operating Assets, 1 Percent Lists® Business Materials, and Approved Suppliers will be given in the form of Specifications and Standards designated in our Manuals. In approving types, models, brands and suppliers, manufacturers, distributors or service providers, we may take into consideration such factors as quality, warranty and prices. We may approve one or a limited number of suppliers, manufacturers, distributors or service providers in order to obtain lower prices or materials of a more uniform and/or higher quality. If you wish to use any type, model, manufacturer, distributor, supplier, and/or brand of

materials, supplies, equipment, or services, you must: (i) notify us in writing; and (ii) submit to us sufficient specifications, photographs, samples and/or other information requested by us concerning such type, model, brand, service, service provider and/or supplier, manufacturer or distributor. We will then notify you within thirty (30) days whether such type, model or brand, supplier, distributor, service provider or manufacturer complies with our specifications, and/or whether such supplier, manufacturer, distributor or service provider meets our criteria for approval. We may from time-to-time prescribe procedures for the submission of requests for approval of types, models, brands, manufacturers, distributors, service providers or suppliers and obligations which approved manufacturers, distributors, service providers or suppliers must assume.

- (c) **Preferred Vendor Programs:** We may develop certain programs and terms under which we, our affiliates or 1 Percent Lists® Businesses receive certain negotiated benefits or terms from Approved Suppliers (“**Preferred Vendor Programs**”). You must follow all of our policies and procedures which we designate from time-to-time for participation in or termination of Preferred Vendor Programs (“**Program Rules**”). We can refuse or terminate your participation in Preferred Vendor Programs without terminating this Agreement. Our Program Rules may require that you only place or display at the office at the site (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve. We may designate one or more Approved Suppliers (“**Preferred Vendors**”) as an exclusive supplier of types, models or brands of business materials, supplies, operating assets, consumer goods, fixtures or materials and business services that we approve for 1 Percent Lists® Businesses. We may receive compensation, fees, rebates or other consideration for such purchases from Approved Suppliers. Certain Preferred Vendors may require that you enter into agreements with them (subject to our approval) in connection with our designation or your use of them as a Preferred Vendor or participation in their Preferred Vendor Program (“**Preferred Vendor Agreements**”). You agree to do so. We may be a party to such Preferred Vendor Agreements. We may, but are not obligated to, contribute any such fees or rebates received by us from such agreements to the System Development Fund. However, with respect to such contributions to the System Development Fund, if any, we will not be obligated to offset or reduce your obligation to pay to us the System Branding Fee. If we permit you to receive any form of rebates, contributions or remunerations from Preferred Vendors, we may require that you provide to us accountings of such monies or other remuneration you receive, in the manner we designate in the Manuals. We may charge you fees in the amount we may designate from time-to-time for participating in Preferred Vendor Programs which we evaluate or for which we provide services. If we cancel your participation in any Preferred Vendor Program, we will direct the Preferred Vendor to stop doing business with you on the same terms as it does for other franchisees.

However, if you have a home office site, we will waive the requirements of 5.4, 5.5 (above) and 5.8 (below) with regard to those aspects of the operation of your other business activities at the home office site that do not involve the 1 Percent Lists® Business.

5.6. **Compliance with Laws and Good Business Practices.** You are responsible for making sure that your Business, at all times, complies with all applicable laws, rules and regulations. You will secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of your 1 Percent Lists® Business. You will operate your 1 Percent Lists® Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to real estate sales, anti-discrimination, truth-in-lending, occupational hazards and health, construction warranties, worker's compensation insurance, immigration, unemployment insurance, construction permitting, workplace safety, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You will, in all dealings with customers, suppliers, us and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any

business or marketing practice which may be injurious to our business or the goodwill associated with the 1 Percent Lists® System, the Marks and other 1 Percent Lists® Businesses.

5.7. **Music and Other Audio and Visual Entertainment.** You acknowledge and agree that the provision of music and audio and visual entertainment to patrons of 1 Percent Lists® Businesses at commercial office sites is, or may become, an integral part of the System. Accordingly, you agree to play only the type(s) of music and display only the types of visual entertainment, at the decibel levels and in the manners that we may periodically prescribe or approve. You must acquire and install at a commercial office site any audio or visual equipment or video presentation equipment (like video conferencing) that we designate or require for use by 1 Percent Lists® Businesses and you must subscribe to music and video services as we may periodically specify.

5.8. **1 Percent Lists® Business Management System.** You must use and follow all of the rules and regulations, specifications and System Standards for the Computer System, business management, (as defined below in this paragraph), marketing, communication, listing, sale and closing process system we designate from time-to-time (collectively, the “**1 Percent Lists® Business Management System**”). You must utilize the Computer System, if any, which we may designate or approve, in the manner we approve in your utilization of your 1 Percent Lists® Business Management System. You must use our standard supplier or vendor agreements and other agreements related to your 1 Percent Lists® Business Management System that we designate from time-to-time. Through and as part of your 1 Percent Lists® Business Management System we may require that you establish an operating account with a bank or other financial institution that we designate or approve (the “**Operating Account**”). We may require that the Operating Account be the sole bank account utilized by your 1 Percent Lists® Business and we may be granted the initial automated debt transfers from the Operating Account. You must utilize the Operating Account in accordance with the System Standards as we designate (e.g. 1 Percent Lists® Business Management System rules). We may change, alter or amend the functions, components, System Standards, Computer System, Purchase Order System and any other aspect of your 1 Percent Lists® Business Management System from time-to-time.

5.9. **1 Percent Lists® Business Opening.** You agree not to open your Business for business until:

- (a) We approve your Business as developed in accordance with our specifications and standards;
- (b) Pre-opening training of you and your personnel has been completed to our satisfaction;
- (c) The Franchise Fee and all other amounts then due to us have been paid on the dates due (if due prior to opening);
- (d) We have approved the Broker of your Business and you have demonstrated to us that the conditions of this Agreement relating to them have been fulfilled;
- (e) We have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept;
- (f) We have received signed counterparts of all required documents pertaining to your acquisition or lease of the commercial site (if any) (including your Certificate of Occupancy); and
- (g) Our Operations Department has verified that you have complied with our Opening Checklist, provided in our Manuals.

5.10. **Development of the Business.** You agree that:

- (a) You will not lease, loan, provide or sell or otherwise transfer any aspect of your Business to

anyone (other than to us) without first obtaining our permission to do so and removing all of the Marks and equipment from your Business (subject to our security interest and right of first refusal); and

- (b) You will not hire or use an individual to operate any vehicle for your Business who does not have a valid driver's license under the laws of the state where your Business operates. Each person who operates vehicles used by your Business must agree to comply with all applicable laws, regulations and rules and to use due care operating and maintaining it.

5.11. Security Interest.

- (a) **Grant:** By signing this Agreement you:
 - (i) Grant to us, a first priority security interest in the following assets: all items sold to you as part of the Website and Initial Package (and the Lease if not a home office site), as well as the Franchise Agreement (collectively, the “**Collateral**”). The security interest you grant to us in the Collateral secures your payment and performance of all of your obligations, claims, debts, duties, liabilities conditions and terms, expenses and future advances to you or your affiliates and those amounts which may be incurred by us in connection with the administration or collection of any of your obligations under or in connection with the Agreement;
 - (ii) Agree to, at our request, sign and deliver to us a UCC-1 Financing Statement, in form and content provided by us describing the Collateral;
 - (iii) Agree to sign and deliver to us all other documents and take all other steps, acts and measures that may be necessary to ensure that we are able to fully perfect a first priority security interest in the Collateral;
 - (iv) Consent to any notices given by us or our affiliates to other creditors designed to perfect our security interest and to grant us first priority. You agree to authorize us to file, in jurisdictions where this authorization will be given effect, a UCC-1 Financing Statement signed only by us describing the Collateral in the same manner as described in this Agreement. You agree to sign and deliver to us for filing additional Financing Statements and any other documents necessary or desired by us for us to establish or maintain a valid security interest in the Collateral (free and clear of all other liens and claims whatsoever), including deposit with us of any certificate of title issuable with respect to the Collateral and notation on that title of this security interest;
 - (v) If you lease any of the Collateral, you agree to assign the leases to us upon demand; and
 - (vi) Agree to sign and deliver to us our form of Conditional Assignment of Telephone Numbers.
- (b) **Exercise of Remedies:** In any case of your default under the terms of the of the commercial office site or under this Agreement, we are entitled to exercise any one or more of the following remedies in our sole discretion:
 - (i) To take possession of your Business or other Collateral or any part thereof, personally, or by our agents or attorneys;

- (ii) To, in our discretion, without notice and with or without process of law, enter upon the commercial office site and take and maintain possession of all or any part of your Business, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;
- (iii) To exclude you, your agents or employees from your commercial or other collateral;
- (iv) As attorney-in-fact for you, or in our own name, and under the powers herein granted, to hold, operate, manage and control your Business and conduct the business thereof, if any, either personally or by the attorney-in-fact's agents, with full power to use such measures, legally rectifiable, as in the attorney-in-fact's discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, granting full power and authority to the attorney-in-fact to exercise each and every right, privilege and power herein granted at any and all times hereafter;
- (v) To cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;
- (vi) To disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to your Business that may seem judicious, in our sole judgment;
- (vii) At our option, with or without prior notice to you, enter or obtain access to and control of your Business and remove applicable equipment, at your expense;
- (viii) To insure and reinsure the same for all risks incidental to our possession, operation and management thereof;
- (ix) To ensure continuity of care to customers of the Business, and in conjunction with subparagraph (iv) of this Section 5.11(b), access and use or transfer all customer records to other Franchisees, and contact all clients to inform them of the status of your Business and/or the availability of other Franchisees, so that customers may continue and complete their participation in the 1 Percent Lists® Program; and/or
- (x) Notwithstanding any provision of this Agreement, to declare all of your rights, but not obligations under the Agreement, to be immediately terminated as of the date of your default under the lease.

VI. FEES.

6.1. **Franchise Fee.** On the Agreement Date, you must pay to us the amount we designate as the "Franchise Fee" in Exhibit "A" to this Franchise Agreement. ~~The Franchise Fee is due in lump sum payment, and is fully earned and non-refundable when paid. The Franchise Fee will be \$7,500-\$20,000, depending on whether you are converting to the 1 Percent Lists system as an established broker who closed more than eighteen (18) transactions in the year prior to entering the 1 Percent Lists system not as an established broker.~~

- (a) ~~For established brokers who are converting to the 1 Percent Lists system, the initial fee will be \$7,500 if the fee is paid in a lump sum. We may offer established brokers alternatively the opportunity to choose to pay a \$10,000 initial franchisee fee by paying an additional five percent (5%) of Gross Earned Commission to us from each closed transaction with each payment applying to the initial franchise fee until it is paid in full or 24 months from the Effective Date of your franchise agreement, with the balance being due in at that time.~~
- (b) ~~If you do not meet the criteria of an established broker, the initial fee will be \$15,000 if the fee is paid in a lump sum. Alternatively, we may offer you the opportunity to pay a \$20,000 initial franchisee fee by paying an additional five percent (5%) of Gross Earned Commission to us from each closed transaction with each payment applying to the initial franchise fee until it is paid in full or 24 months from the Effective Date of your franchise agreement, with the balance being due in at that time.~~
- (c) ~~The Franchise Fee is fully earned upon the execution of this agreement and is non-refundable.~~
- (d) ~~If we offer you the opportunity to pay in periodic installments pursuant to Section 6.1(a) or 6.1(b), all of the periodic payments are non-refundable and if there is a balance due at the end of the 24-month period, that balance must be paid in full in a lump sum. Failure to make any payment timely will constitute a material default in this Agreement.~~

6.2. **Systems Training Fee.** You must pay to us a "Systems Training Fee" in the amount designated in Exhibit A, which shall be due upon the scheduling of your training date(s). The Systems Training Fee is due in lump sum and is not refundable. In return for the Systems Training Fee, we provide certain aspects of the Initial Training described in this Agreement, as well as certain ongoing Systems Training.

6.3. **Website and Initial Package Fee.** You must pay to us the Website and Initial Package Fee designated in Exhibit "A" to this Franchise Agreement in lump sum on the Agreement date. The Website and Initial Package Fee is fully earned and non-refundable. If you choose or purchase Additional Website and Initial Package items from us prior to your commencing operations, we will not invoice you for such Additional Website and Initial Package Fees until after your Opening Date.

6.4. **Optimization and Optional Services.** We or our affiliate may offer optional website optimization, marketing and pay per click campaigns, and other similar services. If you elect to participate in these services you must pay our affiliates then current fees on the Payment Day(s) we designate. The listing of these fees and services, along with then current fees will be published in our Manuals from time to time, or sent to you via other form of informational update that we designate. We may require you to sign our then current form of optimization addendum or purchase order, in order for you to purchase these optimization or optional services.

6.5. Royalty Fee.

- (a) **Royalty Fee.** In return for our providing you the right to use the System during the term, you

must pay to us a “**Royalty Fee.**” The Royalty Fee is calculated as follows: Five (5%) percent of all Gross Earned Commissions per real estate sale or lease transaction (a “**RE Transaction**”). Currently, the Royalty Fee does not apply to your residential lease RE Transactions, but we may require it to apply to them if we authorize you to provide those services.

- (b) Payment Process. The “**Accounting Period**” is monthly. The first “**Payment Year**” begins on the first day of the calendar month in which the Opening Date occurs. The “**Opening Date**” is the date we approve your Business to open and begin accepting clients. Each subsequent Payment Year commences on the anniversary of the Opening Date. You must pay us the Royalty Fee so that we receive it on or before the 3rd business day following the Report Day, or such other day as we may designate (the “**Payment Day**”) (currently the 15th of the month) for the immediately preceding Accounting Period. We, in our sole discretion, may also require that the Royalty Fee be paid the same date as the closing of each RE Transaction. If it is determined that applicable laws or regulations will not permit the payment of the Royalty Fee in the manner contemplated, we may also require you to revise the method and calculation of payment of the Royalty Fee or timing of payment of the Royalty Fee in the manner we designate to otherwise comply with applicable laws governing the listing or sale of real estate or lending laws related to real estate.

6.6. **Insurance Premiums and Administrative Fee.** We may charge you our then current administrative fees if we acquire insurance on your behalf. Also, if you fail to pay any required costs, such as insurance, marketing expenses, etc. and we pay these costs for you, we reserve the right to charge you an administrative fee equal to 15% of the amount we paid on your behalf (the “**Administrative Fee**”). In addition, you must reimburse us for any amounts advanced on your behalf.

6.7. **Transfer Fee.** At or prior to the time we approve, and you sign the agreements to transfer your franchise, you must pay us a Transfer Fee of 25% to 85% of our then current Franchise Fee (the “**Transfer Fee**”) as indicated in our then current franchise disclosure document, plus any broker fees or franchise sales commissions we may owe to any franchise brokers or franchise salespersons as a result of the transfer.

6.8. **Affiliated Services Fee.** If we permit you to operate what we determine to be an Affiliated Services Business in your Target Marketing Area, you must pay to us 1 % of the Gross Sales per month per such Affiliated Services Business. We have sole discretion to approve or disapprove any Affiliated Services Businesses. You, your family members, or life partner are not permitted to directly or indirectly, yourself or as an owner, officer, director, consultant to, partner or employee of any business, own or operate or assist with the operation of and Affiliated Services Business within your Target Marketing Area unless you pay the Affiliated Services Fee and obtain our permission for operation of such Affiliated Services Business. Affiliated Services Businesses are any business that directly or indirectly offers services related to real estate construction or renovation, maintenance, lawn care, plumbing, electrical, or other similar services for commercial or residential real estate. We may add to or revise the definition of an Affiliated Services Businesses in our manuals at any time in our sole discretion.

6.9. **Electronic Funds Transfer.** We may require you to pay all payments of the Royalty Fees and other fees due us or our designees under this Agreement to us or our designee by electronic funds transfer. If we do so, we will designate the day of the week (the “**Payment Day**”) for the Royalty Fee and/or other payments due us. You agree to comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. In addition, on the Payment Day, you will report to us by telephone, electronic means (e.g., facsimile transmission or via e-mail, internet or intranet) or in written form, as we direct, your Business’ true and correct Gross Earned Commissions and /or Gross Revenues for Affiliated Services Businesses for the immediately preceding Accounting Period. You will give us or our designee authorization, in a form that we designate or approve, to initiate debit entries or credit correction entries to your Business’ bank operating account

(the “**Account**”) for payments of Royalty Fees and other amounts due under this Agreement, including any applicable interest charges. You will make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day.

6.10. **Definition of Gross Revenues.** As used in this Agreement, the term “**Gross Sales**” or “**Gross Revenues**” means all revenue you derive from operating your Business, including, but not limited to, all amounts your Affiliated Service Business receives from any activities or services whatsoever and whether from cash, check, barter, credit or debit card or credit transactions, including the redemption value of gift certificates redeemed by you regardless of whether such gift certificates are issued by you or someone else; but excluding customer discounts and contractual adjustments actually made by your Business which are allowed by us.

6.11. **Interest on Late Payments.** All amounts which you owe us will bear interest after their due date at the annual rate of eighteen percent (18%) or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, your Business. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

6.12. **Late Payment Penalties.** All Royalty Fees, System Branding Fee, amounts due for purchases by you from us, and any interest accrued thereon, and any other amounts which you owe us or our affiliates, are subject to a “**Late Payment Fee**” of \$75 plus five percent (5%) of the amount due. The Late Payment Fee is due immediately upon any delinquent payments and is in addition to any other fees due and payable to us. The provision in this Agreement concerning Late Payment Fees does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance the operation of, your Business.

6.13. **Application of Payments.** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us.

6.14. **Payment Offsets.** You acknowledge and agree that we have the right to set-off from any amounts that we may owe you or your owners: Any amount that you or your affiliates or any other 1 Percent Lists® Business to which you have legal or beneficial ownership (“**Affiliated Franchises**”) owe to us, or our affiliates, for any reason whatsoever, including without limitation, Royalty Fees, System Branding Fee, Late Payment Fees and late payment interest, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe or your Affiliated Franchises to us or our affiliates from time-to-time. In particular, we may retain (or direct to our affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us, or our affiliates, at any time. We will notify you monthly if we elect to do so.

6.15. **Discontinuance of Service.** If you do not timely pay amounts due us under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

6.16. **Other Fees.** In addition to the fees and payments listed in this Section 6, we have listed other fees, payments and amounts due for services and other items elsewhere within this Agreement and/or Exhibit(s) hereto, and you agree to pay such fees, payments and amounts in accordance with the terms and conditions of the Sections in which they appear. Unless otherwise stated in this Agreement, all fees due us are due within fifteen (15) days of our invoice to you.

6.17. **CPI.** All fixed dollar amounts used in the Franchise Agreement and any Addenda may, in our sole discretion, be adjusted as of January 1st of each year in proportion to the changes in the Consumer Price Index (U.S. Average, all items) maintained by U.S. Department of Labor (or such equivalent index as may be adopted in the future) between January 1, 2020 and January of the then-current year (the “**Index**”). Each adjustment will be made effective as

of January 1st based on the January Index, but the 1st adjustment will not be made until the 2nd January following the Agreement Date (i.e., for an Agreement Date of July 1, 2020, the 1st adjustment would be effective as of January 1, 2022). Our failure to adjust any fixed dollar amounts due to changes in the Index at any time does not constitute a waiver of our right to make future adjustments. However, we will not impose such adjustments retroactively.

6.18. **Software Fees.** You must pay to us any computer license or proprietary software fees we may designate from time to time in our sole discretion. For example, these fees will be for additional applications, enhancements and the like that are licensed via third parties. The current Software Fees are included on Exhibit “A²².”

6.19. **Successor Franchise Fee.** Prior to our granting to you any Successor Franchise, you must, at the time of signing the Successor Franchise Agreement, pay to us a Successor Franchise Fee in the amount of Seven Thousand Five Hundred Dollars (\$7,500).

VII. TRAINING AND ASSISTANCE.

7.1. **Initial Training.** Before your Business opens, we will furnish our initial training program (“**Owner/Manager Training**”) on the operation of a 1 Percent Lists® Business to you (or, if you are a Business Entity, a person having management rights and powers (e.g., officers, managers, partners, etc.) (“**Manager(s)**”), and one (1) other managerial employee you elect to enroll in the training program. Owner/Manager Training for two (2) persons is included with the Franchise Fee. You and the other two trainees must complete the Owner/Manager Training to our satisfaction. The timing of the training currently ranges from four (4) to six (6) days of training for you (or your Manager) and your managerial employees. It will be furnished at our designated training facilities and/or an operating 1 Percent Lists® Business

7.2. **Real Estate Professional Training.** Before your Business opens, our designee will furnish an initial training program lasting approximately two (2) to five (5) days for up to two (2) Real Estate Professionals and other employees or independent contractors working for or in connection with your Business, at no additional charge (the “**Professional Training**”) if your Real Estate Professionals are employed by you. The Real Estate Professional Training lasts approximately four (4) to six (6) days and may be furnished at our designee’s designated training facility comprised of 4 to 6 days for your Managers/ Brokers and 3 days for your Agents. This training for the Manager/ Brokers takes place at the same time as and is simultaneous and part of with the Owner/ Manager Training. Each of your Real Estate Professionals is required to complete the Real Estate Professional Training to our satisfaction. We, in our sole judgment, may require other employees or independent contractors employed by or working with you, to attend, and complete Professional Training to our and our designee’s total satisfaction. We, in our sole judgment, may, or may permit our designee to change, modify, amend or designate the content of the Real Estate Professional Training. You are responsible for all travel, living, professional liability insurance, and compensation expenses associated with such persons who attend the Real Estate Professional Training. If we or our designee determine that any of your Real Estate Professionals s are unable to complete the Real Estate Professional Training to our or our designee’s satisfaction and you continue to employ such Real Estate Professionals, we have the right to terminate this Agreement.

7.3. **Completion of Initial Training.** Successful completion of the initial Owner/Manager Training and any additional or extended initial training we require (including training of your Manager and managerial employees and staff) is a condition to the opening of the 1 Percent Lists® Business to the public.

7.4. **Staff Training Program.** All of your staff must complete on-the-job training. All staff must be trained by an instructor approved by us. We require you to train all of your staff on the System Standards prior to your Opening Date. Generally, this initial training is conducted while the Opening Team is at your Business. We may require you to provide this training to your staff after the Opening Team is finished. You are responsible for all costs of your staff attending the training.

7.5. **Additional Training.** We may require you (or your Manager/Brokers and/or previously trained and experienced employees/ Staff) to attend periodic refresher training courses at such times and locations and using such methods that we designate. If we require you, your Managers and/or any previously trained and experienced employees to re-take or attend additional or extended initial training, or if, at any time after your Business opens, you hire additional management personnel or replace one or more of your Brokers, Managers or Agents, the employees must satisfactorily complete our additional training program at your expense (“**Additional Training**”).

7.6. **General Guidance.** We will, to the extent and in the manner we choose, advise you from time-to-time regarding the operation of your Business based on reports you submit to us or inspections we make. In addition, we will, to the extent and in the manner we choose furnish guidance to you with respect to:

- (a) Standards, specifications and operating procedures and methods utilized by 1 Percent Lists® Businesses;
- (b) Purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies;
- (c) Product and Service inventory practices and purchasing practices;
- (d) Use of suppliers, approved products, volume buying;
- (e) Marketing programs, sales, pricing policies and the like;
- (f) Employee, and management training;
- (g) Your relationships with Real Estate Professionals;
- (h) Administrative, bookkeeping and accounting procedures;
- (i) Any other aspect of the Business that we deem relevant to the System.

Such guidance may, at our discretion, be furnished in our Manuals, bulletins or other written materials and/or during telephone consultations and/or consultations at our office or your Business.

At your request, we may furnish additional guidance and assistance. If your requests for additional or special training and guidance are, in our opinion, excessive we may charge you a fee to cover expenses that we incur in connection with such training or guidance, including per diem charges and travel and living expenses for our personnel.

VIII. MARKS.

8.1. **Ownership and Goodwill of Marks.** Your right to use the Marks is derived solely from this Agreement and limited to your operation of your Business at or from the site pursuant to, and in compliance with, this Agreement and all System Standards we prescribe from time-to-time during its Term. Your unauthorized use of the Marks will be a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that your usage of the Marks and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your Business in compliance with this Agreement). All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols we authorize you to use.

8.2. **Limitations on Your Use of Marks.** You agree to use the Marks as the sole identification of your Business, except that you agree to identify yourself as the independent owner in the manner we prescribe in the Manuals

or otherwise. We may require you to place a conspicuous notice at a place we designate in your Business identifying you as its independent owner and operator. You agree not to remove, destroy, cover or alter that notice without our prior consent. If you do not comply, we may accomplish this task as we see fit and place the notice or identification anywhere we see fit, and you agree to reimburse us for doing so. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. No Mark may be used in any marketing or advertising concerning the transfer, sale or other disposition of your Business or an ownership interest in you. You agree to display the Marks prominently in the manner we prescribe at your Business, on supplies or materials we designate, and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

83. **Notification of Infringements and Claims**. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks.

84. **Discontinuance of Use of Marks**. If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, including the complete replacement of any Mark or Copyright and/or the use of other Marks or Copyrights (due to merger, acquisition, or otherwise), you agree to comply with our directions within a reasonable time after receiving notice. We will reimburse you for your reasonable direct expenses of changing your Business' signs (but not other marketing items). Also, we are not required to reimburse you for such sign costs if the change to the signs coincides with periodic upkeep or sign replacement after your 3rd year of operations. However, we will not indemnify you or reimburse you for (i) any fees or disbursements to any attorney you retain in connection with the changing of your Business' signs; or (ii) any loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

85. **Modification of Marks**. If it becomes advisable at any time for us and/or you to modify or discontinue the use of any Marks, and/or for your 1 Percent Lists® Business to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions, within a reasonable time after receiving notice, to notify or otherwise discontinue the use of such Marks or use one or more additional trademarks or service marks. We have no liability or obligation to you for such modification or discontinuance.

86. **Copyrights**. You recognize that the various other materials we give you are subject to copyrights we own or license from others. Your right to use any information capable of being rendered into a tangible form that we claim as our copyrights, including spreadsheets, pro forma documents, forms, marketing materials, manuals, pricing lists, vendor lists, modifications to software, our website, and any marketing materials, advertisements, TV ads, radio commercials and the like (including the look, compilation, feel and content) (collectively, the “**Copyrights**”) are derived solely from this Agreement and limited to your operation of your Business. Your, your agents', employees' and affiliates' unauthorized copying, transmission, use or derivative of the Copyrights in any manner will be a breach of this Agreement and constitute your and their infringement of our rights in and to the Copyrights. This Agreement does not confer any rights to the Copyrights in you other than the right to use them in connection with the operation of your Business. You

must follow all of the policies and procedures we designate from time-to-time for the protection of any Copyrights and any other materials that could be subject to copyright protection. All provisions of this Agreement applicable to your use of the Copyrights apply to any additional copyrights we authorize you to use during the Term of this Agreement. You must place copyright notices on all of the other materials that we designate, in the manner we require. You recognize that we will grant other franchisees the right to use the Copyrights as well. You agree to sign and deliver to us such forms of copyright assignments or licenses we specify for any copyrights you develop or modify for use in your Business and to cause all persons you engage to do so also. We may, and you must assist us with our efforts to file in our name, and indicating our ownership in, copyright registrations on all copyrightable materials created or modified by you. We may, without notice to you, immediately suspend or terminate your access to or use any services, copyrights or other information or systems contemplated under this Agreement if we determine that you, your agents, employees or affiliates have violated our Copyrights or otherwise breached this Agreement with respect to protecting our Confidential Information.

8.7. **Copyright Infringements.** You must notify us immediately, in writing, of any apparent infringement of any of the Copyrights, or any challenge to your use of any of the Copyrights, or of any claim by any person of any rights in the Copyrights. You agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate. We have the right to control exclusively any dispute, litigation, U.S. Copyright office proceeding or any other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any of the Copyrights, including the right to direct any settlement of such claim. You will sign any and all instruments and documents, or render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any dispute, litigation or administrative proceeding involving the Copyrights or otherwise to protect and maintain our interests in the Copyrights. You may not at any time during the Term of this Agreement or thereafter, contest the validity or ownership of any of the Copyrights, or assist any person in contesting the validity of ownership of any of the Copyrights.

8.8. **Discontinuance.** You must immediately modify or discontinue the use of any Copyrights as we direct from time-to-time. We will use commercially reasonable efforts to give you as much notice as possible before requiring you to stop use of any of the Copyrights. However, we have no liability or obligation to you for doing so.

8.9. **Marks and Copyright Indemnification.** We will indemnify, defend you against, and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any Mark or Copyright we develop, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of the Marks or Copyrights we develop infringes their trademark rights or copyrights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement and our System Standards for the use of the Mark in question. We will not indemnify you against the consequences of your use of the Marks, or any Copyrights for any Marks or other Copyrights that you develop or submit to us (regardless if they become, or have become our property), unless your use of such Marks or Copyrights we provide was and is accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and, if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney(s) retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. We are not responsible to you for any other claims of any nature arising out of or related to the Marks or Copyrights, regardless of whether the loss associated is by you, any of your customers or third parties.

8.10. **Software License.**

- (a) **Grant of Software License:** Subject to the terms and conditions of this Agreement and our agreements with our licensors or vendors, we may grant to you a non-exclusive, non-transferable and non-sublicensable license to use certain Software we may designate, if any,

during the Term as follows:

- (i) If we grant you the right to use any Software, you may use the Software during the Term solely within the scope of your operation of your 1 Percent Lists® Business under this Agreement for your internal operations and business purposes in accordance with this Agreement. The Software may be installed or used only on your owned or controlled computers which are part of the Computer System and only in accordance with 1 Percent Lists® System Standards. Software may be installed and used only to enable you and your employees to use the Software in accordance with this Agreement.
- (ii) **Software Restrictions.** The Software may be used only up to the capacity for which you have been authorized to use it under this Agreement and as may be more fully described in the Manuals from time-to-time. You are responsible for all use of the Software and for compliance with this Agreement; any breach by you or any user or third party whom you authorize to use the Software or provide access to it will be deemed to have been incurred by you.
- (iii) **Copies.** We do not allow you to make copies of our Software. Portions of the Software may not be used independently of the Computer System and your operation of your 1 Percent Lists® Business.
- (b) **No Reverse Engineering:** You must not decompile or reverse engineer any executable code we provide (e.g., to reveal the corresponding source code), except to the minimum extent permitted by law. You will not avoid, circumvent, or disable any security device, procedure, protocol, or mechanism that we may include, require or establish with respect to the Software. You will not delete, alter, cover, or distort any copyright, trademark or other proprietary rights notice placed by us on or in the Software, and will ensure that all such notices are reproduced on all copies of the Software.
- (c) **Reservation of Rights:** The Software may not be used except as expressly authorized in this Agreement. We reserve all rights not expressly granted.
- (d) **Ownership:** Between you and us, the Software (and all copies and derivatives) is, and at all times will remain, our (and our licensors') sole and exclusive property, including all copyrights and other intellectual property rights in or to such Software. Except as otherwise expressly provided, you agree that neither you nor any third party will obtain any express or implied rights in or to any part of the Software. We deem the Software to be part of the Copyrights.
- (e) **Protection from Unauthorized Use:** You will take all steps we designate to protect the Software from any use, reproduction, publication, disclosure or distribution that is not specifically authorized by this Agreement. You will ensure that you and your agents or employees not disclose their user IDs and passwords to any person or entity other than on a need-to-know basis. You will be responsible for notifying us in advance of any new staff so we may issue them their own user ID and password. You will be responsible for all user IDs and passwords and ensure that each of your employees uses his or her own password only, and does not use any other employee's user ID or password. You will be responsible for the security of its user IDs and passwords, and will immediately notify us of any suspected or actual theft, loss or fraudulent use of them.

- (f) **Support Services:** During the Term of this Agreement, we may provide limited Software support services to the extent we deem necessary and appropriate in the manner we designate from time-to-time in the Manuals.
- (g) **Updates:** All updates, patches, bug fixes, modifications, enhancements and new versions of the Software and all other deliverables and work product we develop for such Software and 1 Percent Lists® Business provided to you, if any, will be subject to the terms and conditions of this Agreement, unless otherwise expressly agreed in writing by us. Our Software support services for such Software, if any, extend only to the Software free of any additions or modifications that have not been made by us or our agents, or approved by us in writing. Further, such support services extend only to the most current version of the Software as used on or in the hardware, platforms and operating environment(s) designated by us for use with the Software. Our support services also do not include the following and we have no responsibility or liability for:
 - (i) Addressing errors, defects, or damage in or to the Software resulting from causes other than those arising in the ordinary permitted use of the Software, or from the use of third-party software, firmware or data, or from the use of hardware not meeting our minimum recommended configuration;
 - (ii) Providing hardware-related services;
 - (iii) Providing training to your personnel except as described in this Agreement; or
 - (iv) Developing or otherwise providing you with additional features, functionality, or customizations to the Software.
- (h) **Your Responsibility:** You agree to fully cooperate with us in the performance of our Software support services, including by providing us with such timely, accurate and complete information and reasonable access to your personnel and facilities as we may require or request. To the extent you delay or fail to satisfy your obligations to us, we will be relieved of our obligations under this Agreement. You must purchase or license from us or our designees (and pay the then current fees for) such additional Software licenses, programs, modules or the like, in the manner we designate, to accommodate increases or decreases in the number of Products and Services you market, sell or otherwise provide.
 - (i) **Discontinuation of Use:** We will have no responsibility for: (i) any use of the Software after we have notified you to discontinue use; (ii) the combination or use of the Software with content, assets, technology or other materials not supplied by us; or (iii) alteration of the Software or use of a version of the Software that has been superseded by a newer version. We also have no obligation to develop or grant you the right to use any Software.

8.11. **Warranty Limitations.** WE, AND OUR AFFILIATES, IF ANY, DISCLAIM ANY WARRANTIES OF ANY NATURE WHATSOEVER, WHETHER EXPRESS, WRITTEN, ORAL, IMPLIED OR STATUTORY, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, OR ANY WARRANTIES ARISING UNDER THE UNIFORM COMPUTER INFORMATION TRANSACTIONS ACT, HOWEVER ENACTED IN ANY STATE OR JURISDICTION AND ANY WARRANTIES UNDER ARTICLE 2A OF THE UNIFORM COMMERCIAL CODE (AS APPLIED IN LOUISIANA OR ANY STATE) WITH RESPECT TO THE 1 PERCENT LISTS® BUSINESS

MANAGEMENT SYSTEM, COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), ANY OTHER PRODUCTS, SERVICES, EQUIPMENT OR SUPPLIES YOU OBTAIN FROM US OR OTHERS AND THE SERVICES AND FUNCTIONS THEY PERFORM AND THEIR DESIGN. NEITHER WE NOR OUR AFFILIATES ARE LIABLE UNDER ANY CIRCUMSTANCES TO YOU FOR ANY CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, INCIDENTAL OR COLLATERAL DAMAGES OF ANY NATURE WHATSOEVER IN CONNECTION WITH THE 1 PERCENT LISTS® BUSINESS MANAGEMENT SYSTEM, COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU OBTAIN FROM US OR OTHERS AND THEIR DESIGN (INCLUDING YOUR RIGHT TO USE, DELIVERY, INSTALLATION AND YOUR USE OF THEM), THE SERVICE AND FUNCTIONS THEY PERFORM (OR FAIL TO PERFORM), THEIR DESIGN AND THIS AGREEMENT, WHETHER BY REASON OF IMPERFECTION OR DEFECT IN THEM OR IN THEIR PERFORMANCE, OUR (OR ANY OF OUR AFFILIATES') BREACH OR OTHERWISE, EVEN IF WE (OR OUR AFFILIATE) ARE ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, REGARDLESS OF WHETHER THEY ARE BASED IN TORT OR IN CONTRACT. IF WE (OR OUR AFFILIATES) DO NOT CAUSE THE 1 PERCENT LISTS® BUSINESS MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR ANY OF OUR AFFILIATES TO PERFORM IN ACCORDANCE WITH THE SPECIFICATIONS, THEN YOUR SOLE RECOURSE AND REMEDY WILL BE FOR US (OR OUR AFFILIATES), AT OUR (OR THEIR) ELECTION, TO REPLACE THE 1 PERCENT LISTS® BUSINESS MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR OUR AFFILIATES WITH ANOTHER ONE WHICH PERFORMS IN ACCORDANCE WITH SPECIFICATIONS. IN NO CASE WILL OUR LIABILITY EXCEED THE COST OF THE 1 PERCENT LISTS® BUSINESS MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE) OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES THAT YOU RECEIVE FROM US OR OUR AFFILIATES ON WHICH A CLAIM FOR DAMAGES IS BASED. HOWEVER, WE WILL ASSIGN TO YOU ANY WARRANTIES FROM THE MANUFACTURERS OF ANY OF THE COMPONENTS OF THE 1 PERCENT LISTS® BUSINESS MANAGEMENT SYSTEM, THE COMPUTER SYSTEM (INCLUDING ITS SOFTWARE), OR ANY OTHER PRODUCTS, EQUIPMENT OR SUPPLIES YOU RECEIVE FROM US OR OUR AFFILIATES. THESE WARRANTIES MAY BE VOIDED BY MISUSE, ACCIDENT, MODIFICATION AND FAILURES FOR WHICH WE ARE NOT DIRECTLY RESPONSIBLE.

IX. CONFIDENTIAL INFORMATION.

9.1. **Types of Confidential Information.** We possess (and will continue to develop and acquire) certain confidential information (the “**Confidential Information**”) relating to the development and operation of 1 Percent Lists® Businesses, which includes (without limitation):

- (a) The System and the know-how related to its use;
- (b) Plans, specifications, size and physical characteristics of 1 Percent Lists® Businesses;
- (c) Site selection criteria, land use and zoning techniques and criteria;
- (d) Methods in obtaining licensing and meeting regulatory requirements;
- (e) Sources and design of equipment, furniture, forms, materials, service providers and supplies;
- (f) Marketing, advertising and promotional programs for 1 Percent Lists® Businesses;
- (g) The selection, testing and training of Managers/Brokers and other employees for 1 Percent Lists® Businesses;

- (h) The recruitment, qualification and investigation methods to secure employment for employment candidates;
- (i) 1 Percent Lists® designated or approved software including all programs, tools, and materials contained therein, and knowledge of the information tracked by such software;
- (j) All other computer Software we make available or recommend for 1 Percent Lists® Businesses;
- (k) Methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of 1 Percent Lists® Businesses, including but not limited to customer flow estimates, growth patterns, expenses, and pricing modules;
- (l) Knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment;
- (m) Sales, service and marketing techniques for Products and Services;
- (n) Knowledge of operating results and financial performance of 1 Percent Lists® Businesses other than those operated by you (or your affiliates);
- (o) Information provided through 1 Percent Lists® training;
- (p) Information obtained through 1 Percent Lists® compliance audits;
- (q) Information contained in the 1 Percent Lists® Manuals; and
- (r) Any communications between you and us, or communications between our employees and you (including, without limitation all of our or your employees, agents or consultants).

92. **Disclosure and Limitations on Use.** We will disclose much of the Confidential Information to you and personnel of your Business by furnishing the Manuals to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Business, you or your employees may develop ideas, concepts, methods, techniques or improvements (“**Improvements**”) relating to your Business, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of 1 Percent Lists® Businesses. Improvements will then also constitute Confidential Information.

93. **Confidentiality Obligations.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Business, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

- (a) Will not use the Confidential Information in any other business or capacity;
- (b) Will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
- (c) Will not make unauthorized copies of any portion of the Confidential Information disclosed via

electronic medium, in written form or in other tangible form, including, for example, the Manuals; and

- (d) Will adopt and implement all reasonable procedures we may prescribe from time-to-time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of non-disclosure and non-competition agreements we may prescribe for employees or others who have access to the Confidential Information.

94. **Exceptions to Confidentiality.** The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

- (a) Disclosure or use of information, processes, or techniques which are generally known and used in your Business (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and
- (b) Disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

X. EXCLUSIVE RELATIONSHIP.

You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among 1 Percent Lists® Businesses if franchised owners of 1 Percent Lists® Businesses were permitted to hold interests in or perform services for a Competitive Business. You also acknowledge that we have granted the franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

- (a) Have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, other than your Business;
- (b) Have any direct or indirect controlling interest as a disclosed or beneficial owner in a Competitive Business, wherever located;
- (c) Market, offer products or services or perform services as a director, officer, manager, employee, advisor, consultant, representative, agent or otherwise for a Competitive Business, wherever located (regardless if you are paid to do so or not);
- (d) Recruit or hire any person who is our employee or the employee of ours or any 1 Percent Lists® Business without obtaining the prior written permission of that person's employer; or
- (e) On behalf of yourself or any other person, or as an employee, proprietor, owner, consultant, agent, contractor, employer, affiliate, partner, officer, director or associate, or stockholder of any other person or entity, or in any other capacity, advise, consult with, engage in or conduct any other business if you have any significant operational or management responsibility or obligation regarding such business, if such other business would interfere with your obligations under this Agreement to develop and operate your 1 Percent Lists® Business or otherwise (other than 1 Percent Lists® Businesses operated under franchise agreements with us), unless your 1 Percent Lists® Business is managed by a Broker/ Manager, approved by us, that has

satisfactorily completed our training programs. This provision does not prohibit passive investments in other 1 Percent Lists® Businesses. However, an interest in a business in which your capacity is either a director, officer or majority stockholder (or any combination thereof) does not constitute a passive investment, and will be considered a breach of these provisions of this Agreement.

The term “**Competitive Business**” as used in this Agreement means any business (other than a 1 Percent Lists® Business operated under a franchise agreement with us) or facility owning, operating or managing, or granting franchises or licenses to others to do so, any real estate or other business or facility that offers services related to real estate brokerage or any other products or services that are the same or similar to the Products and Services (including Other Services) then offered by 1 Percent Lists® Businesses, or any business that offers, sells or advertises real estate brokerage services.

XI. OPERATION AND SYSTEM STANDARDS.

11.1. **Operations Manuals.** We will make our “**Manuals**” available to you on-line or via other electronic format or other format we designate, during the term of this Agreement, consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer Software and written materials) that we generally furnish to Franchisees from time-to-time for use in operating a 1 Percent Lists® Business. The Manuals contain mandatory and suggested specifications, standards, operating procedures and rules (“**System Standards**”) that we prescribe from time-to-time for the operation of a 1 Percent Lists® Business and information relating to your other obligations under this Agreement and related agreements. We, in our sole discretion, may make the Manuals accessible to you on-line or via other forms of electronic format like, using the Internet or on Intranet or CD-ROM. You agree to follow the standards, specifications and operating procedures we establish periodically for the 1 Percent Lists® System that are described in the Manuals. You also must comply with all updates and amendments to the 1 Percent Lists® System as described in newsletters or notices we distribute, including via Computer System or other media we select. The Manuals may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manuals for changes to them. If we make the Manuals accessible to you on-line (or electronic format), we will not send to you printed copies of any changes to them. However, any form of the Manuals accessible to you on-line is our proprietary information and will be deemed Confidential Information for purposes of this Agreement. You agree to maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. In the event of a dispute relating to the contents of any printed or electronic copy of the Manuals, the master copy of the Manuals we maintain at our principal office will be controlling. However, in the event we utilize on-line Manuals, the most recent on-line Manuals will control any disputes between the on-line version and printed copies of the Manuals. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals.

11.2. **Compliance with System Standards.** You acknowledge and agree that your operation and maintenance of your Business in accordance with System Standards is essential to preserve the goodwill of the Marks and all 1 Percent Lists® Businesses. Therefore, at all times during the term of this Agreement, you agree to operate and maintain your Business in accordance with each and every System Standard, as we periodically modify and supplement them during the term of this Agreement. You must keep records of all System Standards training you receive and provide to staff in the manner we designate. System Standards may regulate any one or more of the following with respect to your Business:

- (a) Any aspect of our Program we designate or approve;
- (b) The Approved Products and Services for, and standards, specifications,
- (c) Rules and procedures for any International Program;
- (d) Our definition of Affiliated Services Business and rules and criteria for approving them;

- (e) Design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;
- (f) Quantities, types, models and brands of required Products, Services, fixtures, furnishings, equipment, signs, Software, materials and supplies;
- (g) Designated or approved suppliers of fixtures, furnishings, equipment, signs, Software, products, materials and supplies;
- (h) Terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, including direct labor, that you obtain from us, unaffiliated suppliers or others;
- (i) Sales, marketing, advertising and promotional programs and materials and media used in such programs;
- (j) Use and display of the Marks, Copyrights, slogans and trade dress;
- (k) Staffing levels for your Business, and qualifications, training, dress and appearance of employees;
- (l) Days and hours of operation of your Business;
- (m) Participation in market research, testing and product and service development programs and customer satisfaction programs;
- (n) Acceptance of all forms of payment, gift certificates, coupons, frequent customer programs, payment systems and check verification services;
- (o) Bookkeeping, accounting, data processing and record keeping systems, including Software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;
- (p) Types, amounts, terms and conditions of insurance coverage required to be carried for your Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for your Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;
- (q) Complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or your Business;

- (r) Regulation of such other aspects of the operation and maintenance of your Business that we determine from time-to-time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and 1 Percent Lists® Businesses; and
- (s) Our requirement that you use such efforts as we may designate to obtain your customers' consents, in the form and content we may designate, allowing us to contact them via e-mail and other electronic communications with specials, offers and other communications.

You agree that System Standards prescribed from time-to-time in the Manuals, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth herein. All references to this Agreement include all System Standards as periodically modified.

11.3. **Modification of System Standards.** We may periodically modify System Standards, which may accommodate regional or local variations as we determine. Such modifications may obligate you to invest additional capital in your Business (“**Capital Modifications**”) and/or incur higher operating costs. We will not obligate you to make any Capital Modifications if such Capital Modifications require (a) an expenditure of more than Ten Thousand and No/100 Dollars (\$10,000.00) after your opening date in any individual year of the Term or (b) an aggregate expenditure of more than Fifty Thousand Dollars (\$50,000.00) over the course of the entire Term. You are obligated to comply with all other modifications to System Standards within the time period we specify, but we will provide you 90 days to make Capital Modifications following our notice to you.

11.4. **Interior and Exterior Upkeep.** You agree, at all times, to maintain your Business' interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of your Business established in the Manuals and by federal, state and local laws.

11.5. **Hours of Operation.** You agree to operate your Business during the hours and on the days prescribed by us in the Manuals or otherwise approved in advance in writing by us.

11.6. **Accounting, Computers and Records.** It is your responsibility to obtain accounting services and any required hardware or software related to them, which may include the use of the designated services and software which we may designate from time to time, such as QuickBooks. You will at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, inventory and expense information. To the extent we require support for accounting software used by you, such support will only be provided with respect to the accounting Software then used by us in the operation of our own (or our affiliates' own) 1 Percent Lists® Business.

11.7. **Computer System.** We may require that you acquire, license and use in developing and operating your 1 Percent Lists® Business a Computer System consisting of the computer services, components, equipment, computer hardware, telecommunications equipment, phones, tablets, or services (including the software used in connection with the 1 Percent Lists® Business Management System or other operating or communications software we designate or approve for use by 1 Percent Lists® Businesses (collectively, the “**Software**”)) that we may periodically specify in the manner we designate (collectively, the “**Computer System**”). In our sole discretion, Software may include 3rd party Software like Quick Books®, MLS, DotLoop or other software programs or apps we designate or approve from time to time. We may require you to obtain specified computer and communications hardware, equipment, components or Software and services, internet, Wi-Fi, blue tooth and telecommunications connectivity and may modify specifications for and components of the Computer System from time-to-time. We may require you to acquire the highest speed communications capabilities (like DSL, Frac, T 1, Cable Modem or ISP) available in your area. Our and our designees' modifications and specifications for components, equipment, services and operating or communications of the Computer System may require you to incur costs to purchase, lease or license new or modified Software or computer or communications hardware, equipment, components or Software and to obtain service and support for the Computer System during the Term of this Agreement. You agree to incur such costs in connection with obtaining the computer

hardware and Software comprising the Computer System (or additions or modifications) operating it in accordance with our System Standards and ensuring that it is compatible with, and capable of participation in and performing the functions we designate for the 1 Percent Lists® Business Management System and engaging in any form of e-commerce we designate or approve, as long as the Computer System we specify for use is the same Computer System that we or our affiliates then currently use in 1 Percent Lists® Businesses that we or they own and operate. For example, we may require you to purchase additional “modules” or “user” licenses and upgrades to the Software. Within sixty (60) days after you receive notice from us, you must obtain the components of the Computer System that we designate and require. The Computer System must be capable of connecting with our Computer System performing the functions we designate for the 1 Percent Lists® Business Management System, permitting us to review the results of your Business' operations, and engaging in any e-commerce activities that we designate or approve. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary Software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. From time-to-time, upon our notice to you, you must enter into the then current form of such Computer System or Software related agreements as we may designate. You must not use the Computer System for any purposes not authorized by us. A copy of our Website/Computer Policy will be included in our Manuals or otherwise made available to you. Prior to your 1 Percent Lists® Business opening date, we will add your 1 Percent Lists® Business' contact information to our website "location" page and provide you access to our Extranet which serves as an on-line repository of approved forms, advertising and marketing materials and the like. Your signing this Agreement or use of our Computer System or website binds you and any user (for example, your employees) to that Website/Computer Policy which is incorporated into and an integral part of our System Standards.

11.8. **Trade Accounts and Taxes.** You agree to maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You agree to timely pay all taxes incurred in connection with your Business' operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you agree to reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

11.9. **Retail Prices.** Subject only to limitations imposed by applicable law, we may designate maximum or minimum retail prices for such Products or Services we designate that you offer and sell (e.g., commission splits, commission fees, etc.). We may limit your use of our participation in discount or rebate programs of any kind.

11.10. **Approved Products and Services.** You agree to only sell the Products and Services or other items at the Business that we have previously approved for sale (i.e., the Products and Services) and no others. You agree to sell all the Products and Services prescribed or approved by us, and no others. You will immediately implement changes to the Products and Services requested by us, including advertising or marketing changes. You may be required, at the Franchisor's sole discretion, to obtain marketing materials from supplier(s) approved by Franchisor.

11.11. **Security Interests.** We have the right to file liens on your inventory and you agree to cooperate with us and file any documents we designate as necessary for us to obtain, file, record and/or maintain security interests in your inventory as collateral for performance of your obligations to us under this Agreement.

11.12. **1 Percent Lists® Business Personnel.** You agree to hire, train and supervise clinic employees in accordance with the specifications set forth in the Manuals. All personnel must meet every requirement imposed by applicable federal, state and local law as a condition to their employment.

11.13. **Management.** Unless we agree otherwise, you (or one of your owners) must assume responsibility for your Business' day-to-day management and operation of your Business, and supervise your Business' personnel. You must at all times faithfully, honestly and diligently perform your obligations under this Agreement, continuously exert

your best efforts to promote and enhance your Business and not engage in any other business or activity that conflicts with your obligations to operate your Business in compliance with this Agreement. Your Business must at all times be under your (or one of your owners) direct supervision and control, unless you employ trained management personnel approved by us who will be on-site and act at your direction. We may request that you hire an agent who will be responsible for the supervision of your Business and such other responsibilities as we may designate in the Manuals from time to time in accordance with applicable state laws.

11.14. **Personnel**. You must hire, train and supervise your Business' personnel in accordance with the specifications set forth in the Manuals and your obligations under this Agreement. All personnel must meet every requirement imposed by applicable federal, state and local law and those required by us as a condition to their employment. All persons you employ that have access to any of the Confidential Information must sign a confidentiality and non-solicitation and non-competition agreement that protects our rights under this Agreement. Subject to applicable employment laws and/or employment contracts, you agree to terminate and replace any member of your personnel if we reasonably determine, at any time, that such person is not qualified to serve at your Business. You will not employ, contract with or permit any person to perform services for your Business who has not been trained satisfactorily by you, has not signed a Confidentiality, Non-Solicitation and Non-Competition Agreement (Exhibits to the Franchise Disclosure Document), or is not appropriately licensed under applicable state laws.

11.15. **No Resale**. You will not resell, lease to anyone, loan or permit anyone else to use your Business or the Operating Assets in any manner we do not expressly approve. You have no right to sublicense, lease, loan, sell or otherwise dispose of any interest in your Business, 1 Percent Lists® Business Materials or Operating Assets, except as otherwise described in this Agreement. You will not engage in any wholesale business or sublicensing of the Foundational Elements, the Branded Products, the Ancillary Products or any related products you buy from us or Approved Suppliers.

11.16. **Shipment and Allocation**. To place an order for any item or service from us, our affiliates or our designee, you must notify us in writing or otherwise in the precise manner designated in our Manuals for placement of orders, which we may change, alter or amend from time to time. No orders will be effective unless we have communicated acceptance to you in writing, received payment in full of the initial franchise fee and the then-current applicable fee for such order and have commenced shipment to you. We make no representations to you regarding the time of shipments of equipment to you from the time we or any supplier accepts your order. You recognize that timing of shipments may vary based on a multitude of factors, many of which are beyond our control, since we or our designees may obtain Operating Assets or 1 Percent Lists® Business Materials from our or their own manufacturing or supply sources or third parties and subject to this Agreement. You also understand and acknowledge that we and the Approved Suppliers have other uses for the Operating Assets or 1 Percent Lists® Business Materials or their components or other equipment and we or they may allocate orders or uses of them among these competing sources as we or they see fit.

11.17. **Inspection and Acceptance**. You must inspect the Business Materials and Operating Assets immediately when you receive them and promptly notify us in writing of any defects in accordance with our inspection and acceptance policies we may designate from time to time. They will be deemed accepted by you if we or the applicable supplier have not received any claim of defect from you within 5 business days. For all items we or our designees ship, unless otherwise indicated in the Manuals, orders are shipped F.O.B., so that the risk of loss, casualty or damage to whatever was ordered passes to you as soon as we or our designee deliver it to the carrier for shipment or to you at our headquarters or other origination point of shipment.

11.18. **Due Care**. At all times, you must operate your Business, and treat and utilize, 1 Percent Lists® Business Materials, Operating Assets, with due care and in strict accordance with the System Standards and any other instructions we (or our affiliate) provide to you.

11.19. **Business Safety**. You must maintain a safe Business and safely maintain, offer, use and provide

Operating Assets, Business Materials, and any other items and services in strict accordance with the System Standards or any other instructions we provide you.

11.20. **Risk of Loss.** You assume all risk of loss, theft, damage, requisition of use and destruction to your Business and its contents from any cause whatsoever. You must insure them in accordance with the insurance provisions of this Agreement.

11.21. **Maintenance.** With respect to a commercial office, you must comply with and perform all maintenance procedures we (or our affiliate) specify periodically in any Manual or other instructions.

11.22. **Third-Party Rights.** You recognize that certain components and proprietary technology utilized by your Business may be furnished to you under a sublicense or license we have obtained from a third-party owner, developer or manufacturer. You agree to take such actions and sign such documents as we may request on behalf of such third party in connection with such sublicense.

XII. MARKETING AND PROMOTION.

12.1. **Establishment of System Development Fund.** Recognizing the value of advertising and marketing to the goodwill and public image of 1 Percent Lists® Businesses, we have the right to establish a system-wide development, marketing and promotional fund (the “**System Development Fund**”) for such advertising, marketing, public relations and system-wide benefit programs and materials we deem necessary or appropriate. The System Development Fund is intended to maximize recognition of the Marks and patronage of 1 Percent Lists® Businesses and enhance the operations of 1 Percent Lists® Businesses. You must pay to us, or our designee, the System Branding Fee we designate. We reserve the right to defer or reduce System Branding Fee of a 1 Percent Lists® Business franchisee and, upon thirty (30) days prior written notice to you, to reduce or suspend contributions to, and operations of, the System Development Fund for any period of time and to terminate (and, if terminated, to reinstate) the System Development Fund. If the System Development Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the System Development Fund during the preceding twelve (12) month period, or in a manner we determine. We and our affiliates are not obligated to contribute to the System Development Fund on the same basis as franchise owners for any 1 Percent Lists® Business we or they own and operate.

12.2. **Use of the Funds.** We or our designee will direct all programs financed by the System Development Fund, including the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the System Development Fund may be used to pay the costs of, but not be limited to, preparing and producing video, developing, implementing and modifying the Franchise Systems’ e-commerce and related strategies, audio and written marketing/advertising materials; developing and servicing corporate accounts; research and development of, administering regional and multi-regional marketing/advertising programs, including, without limitation, purchasing e-commerce rights, products or services, direct mail and other media marketing/advertising and employing advertising, promotion and marketing agencies; maintaining or paying third parties to maintain a system-wide call center, toll free numbers and on-line ordering and fulfillment systems, the 1 Percent Lists® Business Management System and the like, and supporting public relations, market research, establishing, developing, maintaining, servicing or hosting Websites or other e-commerce programs, and other advertising, promotion and marketing activities. The System Development Fund periodically may furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials may be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

12.3. **Accounting for the Fund.** The System Development Fund may be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the System Development Fund and its programs, including, without limitation, conducting market surveys, preparing

advertising, promotion and marketing materials and collecting and accounting for contributions to the System Development Fund. We may spend, on behalf of the System Development Fund, in any fiscal year an amount greater or less than the aggregate contribution of all 1 Percent Lists® Businesses to the System Development Fund in that year, and the System Development Fund may borrow from us or others to cover deficits or invest any surplus for future use. In addition to the System Branding Fees, we may assess you, and you must pay to the System Development Fund such System Development Fund fees as we or the Fund deems necessary to address any deficits or special needs of the System Development Fund. All interest earned on monies contributed to the System Development Fund will be used to pay System Development costs before other assets of the System Development Fund are expended. We may prepare a periodic statement of monies collected and costs incurred by the System Development Fund and furnish the statement to you upon written request. We have the right to cause the System Development Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

12.4. **System Development Fund Limitations.** You acknowledge that, if established, the System Development Fund will be intended to maximize recognition of the Marks and patronage of 1 Percent Lists® Businesses. Although we may endeavor to utilize the System Development Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all 1 Percent Lists® Businesses, we undertake no obligation to ensure that expenditures by the System Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the System Development Fund by 1 Percent Lists® Businesses operating in that geographic area or that any 1 Percent Lists® Business will benefit directly or in proportion to its contribution to the System Development Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to the System Development Fund. We will not use System Development Fund Fees to prepare materials intended solely for franchise sales solicitations.

12.5. **Marketing and Promotion.** You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time-to-time. We may require that you only use pre-approved advertising materials, and we may require that you obtain marketing materials from approved suppliers only. Samples of all advertising, promotional and marketing materials which we have not prepared or previously approved must be submitted to us for approval before you use them. We have no obligation to review or consider any advertising you submit to us. If you do not receive written disapproval within thirty (30) days after our receipt of such materials, they will be deemed to have been given the required approval. You may not use any advertising or promotional materials that we have disapproved. We may charge you and you must pay to us within 2 days of our notice to you our then current rush order/approval or review fees as described in our FDD.

12.6. **Websites.** We have the right to control all use of URL's, domain names, websites, addresses, metatags, links, e-mail addresses and any other means of electronic identification or origin ("e-names"). We can require you to use in the promotion and operation of your Business only the website/webpage we designate or approve. We also have the right to designate, approve, control or limit all aspects of your use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chat rooms, e-mail, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "e commerce"). We have the right to monitor your and your employees' e-commerce activities and you agree to provide us access to any chat rooms or bulletin boards on which or through which you discuss our franchise system or your relationship with us. You must follow all of our policies and procedures for the use and regulation of e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us or our designees for use in e-commerce activities associated with the Marks or the System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of

e-commerce designated by us or operated by us or our designee. We may require that you provide information to us via e-commerce. We may require you to coordinate your e-commerce activities with the 1 Percent Lists® Business Management System. We may charge you our then-current fees for such e-commerce activities which we designate. We may require you to obtain the services of and pay the then-current third-party fees for ISP and ASP services and the like. We provide one site specific and one corporate e-mail address/account for your Business. You agree that you will not (and you will obtain agreements from your personnel not to) “opt-out” or otherwise ask to no longer receive e-mails from us or other participants in the MIS System. Your employment agreements with your owners, and your employees must contain provisions that require them to consent to our and your viewing and having access to their e-mails, text messages and the like. You recognize and agree that we own all rights, title and interest in and to any and all websites and any e-names we commission or utilize, or require or permit you to utilize, in connection with the System which bear our Marks or any derivative of our Marks. You recognize and agree that between you and us, we own all rights to all interest in and to any data collected via e-commerce related to the System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such information is deemed by us to be and constitutes our Confidential Information. You must not operate any website bearing our Marks or Copyrights without our prior written consent.

12.7. **Promotion of the Franchise System.** We may require you to place or display at the site any and all materials promoting the franchise system that we provide to you from time to time. We may require you to place all such materials in the manner in which we designate. You will at all times during the term of this Agreement maintain as many business telephone lines as we designate, from time to time, for use solely in connection with your Business. We may require you to utilize Call Center Services in the form and manner we approve or designate, and we or our affiliates may be designated by us as the only Approved Supplier of Call Center Services. We may require you to be responsible for our or our designee’s then-current Call Center Services fees, due to the time we designate, and you must comply with, and you agree to all policies and procedures we designate, from time to time regarding client referrals and call routing via such Call Center Services. Without limiting the foregoing, we may require you to engage such Call Center Service providers or personnel, or other personnel and/or answering service and/or purchase and installs as many answering machines or telemarketing dialing machines, as may be necessary to provide telephone answering coverage and telemarketing services on behalf of your Business during normal business hours (and on weekends in the manner we designate), but not less than the hours 9:00 a.m. to 5:00 p.m. Mondays through Fridays (except holidays). You must not use any type of Call Center Services telephone answering service, answering machine, or telemarketing equipment without our prior approval. We may require you to maintain a mailing address at your Business at all times during the Term.

XIII. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

13.1. **Accounting System.** You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements and formats we prescribe from time-to-time. We may require you to use the Computer System and Software we designate or approve (e.g., currently QuickBooks®) in order to maintain certain sales data and other information, including updating the Manuals and for communication purposes. You agree that we may have access to such sales data and other information through the Computer System at all times.

13.2. **Reports.** You agree to furnish to us on such forms that we prescribe from time-to-time:

- (a) At our request, within five (5) days after their filing: (i) copies of all sales tax for your Business; and (ii) copies of the canceled checks for the required sales taxes;
- (b) On the 3rd business day of each new Accounting Period, you must submit your Royalty Fee and a report on your Business' Gross Sales for the immediately preceding Accounting Period;
- (c) Within fifteen (15) days after the end of each calendar quarter: (i) a profit and loss statement for

your Business for the immediately preceding calendar quarter and year-to-date; and (ii) a balance sheet as of the end of such calendar quarter;

- (d) Within thirty (30) days after the end of the Calendar year: (i) annual profit and loss and source and use of funds statements; and (ii) a balance sheet for your Business as of the end of such fiscal year;
- (e) Within fifteen (15) days of our request, the revenues you receive from the Business for any reason whatsoever that for any reason are not included in the Gross Sales of your Business and
- (f) Within ten (10) days after our request: (i) exact copies of federal and state income and other tax returns; and (ii) such other forms, records, books and other information we may periodically require.

133. **Access to Information.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports without identifying you or the location of your Business. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis if we reasonably believe that the reports are incorrect. Moreover, we have the right, as often as we deem appropriate (including on a daily basis), to access all computer registers and other Computer Systems that you are required to maintain in connection with the operation of your Business and to retrieve all information relating to your Business' operations.

134. **Copies of Reports.** You agree to furnish us with a copy of all sales, income and other tax returns relating to your 1 Percent Lists® Business, at our request. You will also send us copies of any sales or other reports sent to any landlord or governmental agency, at our request.

135. **Late Report Fee.** For any report that is required to be provided to us, if you do not provide it in the time frame allowed for submission of the report, then we have the right to charge you a late fee of \$250.

XIV. INSPECTIONS AND AUDITS.

141. **Our Right to Inspect your Business.** To determine whether you and your Business are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and with five (5) days prior notice to you (but without prior notice if we have reason to believe your Business is not operating in compliance), to:

- (a) Inspect your Business;
- (b) Observe, photograph and videotape the operations of your Business for such consecutive or intermittent periods as we deem necessary;
- (c) Remove samples of any products, materials or supplies for testing and analysis;
- (d) Interview personnel and customers of your Business; and
- (e) Inspect and copy any books, business plans, marketing plans, records, websites (or other forms of e-commerce) and documents relating to the operation of your Business, including without limitation, all computer files, current or deleted.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping,

product removal, clinical studies and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You agree to correct or repair any unsatisfactory conditions we specify within five (5) days.

14.2. **Our Right to Audit.** We have the right at any time during your business hours, and with three (3) days prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and your Business' business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Sales are understated by two percent (2%) or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must pay us any shortfall in the amounts you owe us, including late fees and interest, within ten (10) days of our notice. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

XV. TRANSFER.

15.1. **By Us.** This Agreement is fully transferable by us, and inures to the benefit of any transferee or other legal successor to our interests, as long as such transferee or successor agrees to be bound by, and assumes all of our continuing obligations under, this Agreement.

15.2. **By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (or any interest in it) nor any ownership or other interest in you or your Business, even to a Business Entity controlled by you, may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "**transfer**" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) your Business.

An assignment, sale, gift or other disposition includes the following events:

- (a) Transfer of ownership of capital stock, equity, or a partnership interest;
- (b) Merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;
- (c) Any issuance or sale of your stock or any security convertible to your stock;
- (d) Transfer of an interest in you, this Agreement or your Business in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- (e) Transfer of an interest in you, this Agreement or your Business, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or
- (f) Pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon your Business or your transfer, surrender or loss of possession, control or management of your Business.

15.3. Conditions for Approval of Transfer. If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section 15, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for 1 Percent Lists® Business franchisees. A transfer of ownership, possession or control of your Business may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or any interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a legal or beneficial interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

- (a) The transferee has sufficient business experience, aptitude and financial resources to operate your Business;
- (b) You have paid all Royalty Fees, System Branding Fee, contributions, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;
- (c) The transferee (or its Manager) and its managerial employee (if different from your Manager) have agreed to complete our standard training program;
- (d) The transferee has agreed to be bound by all of the terms and conditions of this Agreement;
- (e) You, your owners or the transferee pays to us a transfer fee we designate at the time of transfer that varies from 25% to 85% of the then current Franchise Fee for a single franchise plus any broker/ seller commissions.
- (f) You (and your transferring owners) have executed a general release, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees and agents;
- (g) We have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of your Business;
- (h) If you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in your Business are subordinate to the transferee's obligation to pay Royalty Fees, System Branding Fee, contributions and other amounts due to us and otherwise to comply with this Agreement;
- (i) You and your transferring owners have executed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in Section 17.6 of this Agreement;
- (j) You and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other 1 Percent Lists® Businesses you own and operate) identify yourself or themselves or any business as a current or former 1 Percent Lists® Business, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a 1 Percent Lists® Business in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us; and
- (k) You timely pay to us the Transfer Fee and any commission due as described in Section 6.8.

15.4. **Transfer to a Business Entity.** If you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than your Business and, if applicable, other 1 Percent Lists® Businesses so long as you own, control and have the right to vote fifty-one percent (51%) or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. But, all owners of that Business Entity or you, or any transferee are subject to our approval. We have the right to approve or disapprove any and all new owners of the Business, even if it is transferred to an entity owned by you. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner execute an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of your obligations under this Agreement.

15.5. **Transfer Upon Death or Disability.** Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, your or such owner's executor, administrator, conservator, guardian or other personal representative must transfer your interest in this Agreement or such owner's interest in you to a third party. Such disposition of this Agreement or the interest in you (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. Section 15.3 will also apply to the transfer. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating your Business.

15.6. **Operation Upon Death or Disability.** If, upon your death or disability or the death or disability of the owner of a controlling interest in you, your Business is not being managed by a trained Manager/Brokers, your or such owner's executor, administrator, conservator, guardian or other personal representative must, within a reasonable time not to exceed fifteen (15) days from the date of death or disability, appoint a Manager/Brokers to operate your Business. Such Manager/Broker will be required to complete training at your expense. Pending the appointment of a Manager/Broker as provided above or if, in our judgment, your Business is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a Manager/Brokers for your Business. All funds from the operation of your Business during the management by our appointed Manager/Brokers will be kept in a separate account, and all expenses of your Business, including compensation, other costs and travel and living expenses of our Manager/Brokers, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty Fee and System Branding Fee and contributions payable under this Agreement) during the period that our appointed Manager/Brokers manages your Business, which is currently not less than \$5,000 per month and will not exceed 10% of your monthly Gross Sales. Operation of your Business during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by your Business or to any of your creditors for any products, materials, supplies or services your Business purchases during any period it is managed by our appointed Manager.

15.7. **Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and your Business or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of your Business or transferee or a waiver of any claims we may have against you (or your owners) or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

15.8. **Our Right of First Refusal.** If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and your Business or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror) and immediately submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a bona fide offer, the proposed purchase price must be denominated in a dollar amount. The offer must apply only to an interest in you or in this Agreement and your Business and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and your Business must reflect the bona fide price offered and not reflect any value for any other property or rights.

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

- (a) We may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);
- (b) Our credit will be deemed equal to the credit of any proposed purchaser;
- (c) We will have not less than sixty (60) days after giving notice of our election to purchase to prepare for closing; and
- (d) We are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:
 - (i) Ownership and condition of and title to stock or other forms of ownership interest and/or assets;
 - (ii) Liens and encumbrances relating to the stock or other ownership interest and/or assets; and
 - (iii) Validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for a period of two (2) years commencing on the date of the closing, you and they will be bound by the non-competition covenant contained in Section 17.6 of this Agreement. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of Section 15.3(j) of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Sections 15.3 and 15.4, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such

offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

XVI. TERMINATION OF AGREEMENT.

161. **By You.** If you and your owners are in compliance with this Agreement and we materially fail to comply with this Agreement and do not correct or commence correction of such failure within sixty (60) days after written notice of such material failure is delivered to us, you may terminate this Agreement effective sixty (60) days after delivery to us of written notice of termination. You do not have the right to terminate this Agreement without cause. Your termination of this Agreement for any other reason, and if for the permitted reason, but without such notice, will be deemed a termination without cause and a breach of this Agreement.

162. **By Us On Notice.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

- (a) You (or any of your owners) violate any of the representations or warranties in this Agreement, or you (or any of your owners) made any material misrepresentations or omission in connection with your purchase of the franchise;
- (b) You fail to obtain our approval of the site within 60 days of the Agreement Date, commence construction or build-out of the site within 30 days after our site approval, or begin operating your Business within one (1) year of the Agreement Date (unless we agree otherwise in writing to an extension);
- (c) We determine that you, your owner(s) or your Manager are unable to complete Owner/Manager Training to our satisfaction (but we will provide you one (1) opportunity to re-attend our next scheduled training at your expense);
- (d) You abandon or fail to actively operate your Business for five (5) or more consecutive business days, unless your Business has been closed for a purpose we have approved or because of casualty or government order or is requiring mechanical repair or remodeling approved by us;
- (e) You (or any of your owners) surrender or transfer control of the operation of your Business without our prior written consent;
- (f) You (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense;
- (g) You (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of your Business or other 1 Percent Lists® Businesses or the goodwill associated with the Marks;
- (h) You understate Gross Sales by more than 2%, or our audits or investigations show that you understated Gross Sales by more than 2% on two (2) or more occasions during any 18-month period;
- (i) You (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you, your Business or any aspect of the Business;

- (j) In the event of your death or disability, or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's controlling interest in you is not assigned as required under this Agreement;
- (k) You breach or commit a material default under the Lease left uncured in accordance with applicable cure periods, or you otherwise lose the right to possession of your Business or the site;
- (l) You (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of this Agreement;
- (m) You violate any federal, or state real estate laws or other laws, ordinance or regulation and do not cure violation within 5 days to both our satisfaction and that of the governmental authority;
- (n) You fail to pay any amounts due to us or any Approved Supplier and do not correct such failure within ten (10) days after written notice of such failure is delivered to you;
- (o) You fail to meet or exceed the Minimum Performance Standards in Exhibit A;
- (p) You fail to pay when due any federal or state income, service, sales or other taxes due on the operations of your Business, unless you are in good faith contesting your liability for such taxes;
- (q) You (or any of your owners) fail on three (3) or more separate occasions within any period of twelve (12) consecutive Accounting Periods or on five (5) occasions during the Term to submit when due reports or other data, information or supporting records; or to pay when due any amounts due to us or otherwise to comply with this Agreement or any other agreement with us or our affiliate, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or
- (r) You make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; your Business is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or your Business is not vacated within thirty (30) days following the entry of such order.

163. **After Notice.** We may also terminate this Agreement after we notify you of our intention to do so because of the occurrence of any of the following events and your failure to cure it within 30 days of our notice:

- (a) You or a trained management, Brokers or Agents fail to oversee and supervise the Business according to our System Standards during all open hours;
- (b) You fail to keep your Business open during the required hours;
- (c) You purchase or lease any product or service from an unapproved supplier in violation of the System Standards;

- (d) You create and/or maintain a stand-alone website that is not approved by us in writing in advance;
- (e) You fail to participate in a mandatory Co-op or fail to pay Co-op contributions when due;
- (f) You fail to obtain and maintain permits and licenses required by applicable law;
- (g) You (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure;
- (h) If you are a Business Entity, you fail to maintain active status/good standing in your state of organization;
- (i) You fail to make required reports when due;
- (j) You fail to maintain sufficient liquid funds and bank authorizations to pay amounts to us via electronic transfer;
- (k) You (or any of your owners) default under, or violate any provision of, this Agreement or any other agreement with us or any of our affiliates;
- (l) You violate any System Standard or procedure contained in the Manuals; or
- (m) You fail to obtain any approvals or consents required by this Agreement.

XVII. RIGHTS AND OBLIGATIONS UPON TERMINATION.

17.1. **Our Rights upon Your Default.** In the event of your material default left uncured in accordance with the applicable cure period under the terms of this Agreement, the Lease or under any promissory note or other agreement with us, we are entitled, but not limited, to exercise any one or more of the following remedies in our sole discretion;

- (a) To take possession of the site (commercial office sites only) or any part thereof, personally, or by our agents or attorneys;
- (b) To enter upon and take and maintain possession of all or any part of the assets of your Business, together with all books, records, papers and accounts of the Franchisee without notice and with or without process of law;
- (c) To exclude you, your agents or employees from the commercial office site;
- (d) As attorney-in-fact for you, or in our own name, and under the powers herein granted, to hold, operate, manage and control your Business and conduct the business, if any, thereof, either personally or by our agents, with full power to use such measures, legally rectifiable, as in our discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, granting full power and authority to us to exercise each and every one of the rights, privileges and powers herein granted at any and all times hereafter;
- (e) To cancel or terminate any unauthorized agreements or subleases entered into by you, for any

cause or ground which would entitle us to cancel the same;

- (f) To disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the site that may seem judicious, in our sole judgment;
- (g) To enter or obtain access to and control of the site and remove applicable equipment, at your expense and with or without prior notice to you;
- (h) To insure and reinsure the same for all risks incidental to our possession, operation and management thereof;
- (i) To ensure continuity of care to customers of the Business, and in conjunction with paragraph (d) of this Section 17.1, access and use or transfer all customer records to other Franchisees, and contact all customers to inform them of the status of your Business and/or the availability of other Franchisees in the market area, so that customers may continue and complete their participation in the 1 Percent Lists® Program
- (j) To limit or cease provision of any services that we provide under this Agreement;
- (k) To terminate this Agreement under this Section 17, as applicable; and/or
- (l) To declare all of your rights, but not obligations under the Agreement, to be immediately terminated as of the date of your default under your lease, notwithstanding any provision of this Agreement.

17.2. **Termination of Service Rights.** If we are entitled to terminate this Agreement in accordance with any of its provisions, we will have the option to terminate or suspend any one or more equal rights under this Agreement instead of terminating this Agreement, including:

- (a) Your right to participate in any programs or services provided by us or offered by us from time to time; and/or
- (b) Your right to participate in any services that we provide in connection with any website or marketing services, the System Development Fund or the like.

If we terminate or suspend any of your rights under this Agreement in accordance with this Section, we will provide you five (5) days prior written notice of such suspension or termination. If any such rights, options or arrangements are terminated or suspended in accordance with this Section, such termination or suspension will be without prejudice to and will not be a waiver or release of any of our rights to terminate this Agreement otherwise in accordance with its terms, or to terminate any other rights, options or arrangements under this Agreement or any other agreement between you and us at any time thereafter, for the same default or as a result of any additional defaults of the terms of this Agreement or other agreements between you and us.

17.3. **Payment of Amounts Owed to Us.** You agree to pay us within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that we determine amounts are due to us, all amounts due for the Franchise Fee, Royalty Fees, System Branding Fee, contributions, amounts owed for purchases from us, interest due on any of the foregoing, and any and all other amounts owed to us or our affiliates which are then unpaid.

17.4. **Marks.** Upon the termination or expiration of this Agreement:

- (a) You may not directly or indirectly at any time or in any manner (except with respect to other 1 Percent Lists® Businesses you own and operate) identify yourself or any business as a current or former 1 Percent Lists® Business, or as one of our licensees or franchisees, use any Mark or Copyright, any colorable imitation of a Mark or Copyright or other indicia of a 1 Percent Lists® Businesses in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;
- (b) You agree to take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any Mark or Copyright;
- (c) If we do not have or do not exercise an option to purchase your Business pursuant to Section 17.7, you agree to deliver to us within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date (as defined in Section 17.7(a)) all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a 1 Percent Lists® Business and allow us, without liability to you or third parties, to remove all such items from your Business;
- (d) If we do not have or do not exercise an option to purchase your Business pursuant to Section 17.7, you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will promptly and at your own expense make such alterations we specify to distinguish your Business clearly from its former appearance and from other 1 Percent Lists® Businesses so as to prevent confusion by the public;
- (e) If we do not have or do not exercise an option to purchase your Business pursuant to Section 17.7 you agree that after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and
- (f) You agree to furnish us, within thirty (30) days after the effective date of expiration of this Agreement or the Notification Date (whichever is applicable), with evidence satisfactory to us of your compliance with the foregoing obligations.

17.5. **Confidential Information.** You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

17.6. **Competitive Restrictions.** Upon termination or expiration of this Agreement for any reason whatsoever (and you have not acquired a Successor Franchise), you and your owners agree that for a period of two (2) years commencing on the effective date of termination or expiration neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business operating:

- (a) At the site or within the Target Marketing Area, or through the Business;
- (b) Within twenty-five (25) miles of the site or Target Marketing Area; or
- (c) Within twenty-five (25) miles of any other 1 Percent Lists® Business or its site or Target Marketing Area, in operation or under construction on the later of the effective date of the termination or expiration.

For clarification, twenty-five (25) miles from the site or Target Marketing Area (any point) means a 25-mile straight-line radius from that point (e.g., as the “crow flies”). If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of a court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. Furthermore, your agreements with the Business must provide that, to the maximum extent permitted by law, the Business and its Agents and Professionals agree to similar restrictions as are imposed on you under this Section. If any Real Estate Professional with whom you contract engages in a Competitive Business without our consent during the term of this Agreement or following termination or expiration of the Agreement, you and such breaching agent or professional will be jointly and severally liable to pay to us a fee (the “**Liquidated Damages**”) to help compensate us for our costs of such enforcement in the amount of the Liquidated Damages listed on **Exhibit "A"** to this Franchise Agreement. The Liquidated Damages shall serve as partial liquidated damages and shall not be our exclusive recovery from you, nor limit our recovery from you in any manner for any action. Without limiting the foregoing, the Liquidated Damages are not to be deemed as, nor will they be used as a measure of all of our damages for competition by you or your Real Estate Professionals and in no way limit our right to assert that we have no adequate remedy at law in the event of breach.

17.7. **Our Right to Purchase.**

- (a) **Exercise of Option.** Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within sixty (60) days from the date of such termination, to purchase your Business from you, including the leasehold rights to the site. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the “**Notification Date**”). We have the unrestricted right to assign this option to purchase your Business. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.
- (b) **Leasehold Rights.** You agree at our election:
 - (i) To assign your leasehold interest in the commercial office site to us;
 - (ii) To enter into a sublease for the remainder of the lease term of the commercial office site on the same terms (including renewal options) as the prime lease; or
 - (iii) To lease to us if you own the commercial office site in accordance with the Agreement to Lease and our Standard Lease Agreement.
- (c) **Purchase Price.** The purchase price for your Business will be its fair market liquidation value, determined in a manner consistent with reasonable depreciation of your Business' equipment,

signs, inventory, materials and supplies and customer records, provided that your Business will be valued as an independent business and its value will not include any value for:

- (i) The Franchise or any rights granted by this Agreement;
- (ii) The Marks or Copyrights; or
- (iii) Participation in the network of 1 Percent Lists® Businesses and the goodwill associated with them.

(Our rights to purchase or acquire lease rights to the site only applies to commercial office sites).

We may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to your Business' operation or that we have not approved as meeting standards for 1 Percent Lists® Businesses, and the purchase price will reflect such exclusions.

- (d) **Appraisal.** If we and you are unable to agree on your Business' fair liquidation market value, its fair liquidation market value will be determined by one independent appraiser, chosen by us in our sole discretion who will conduct the appraisal.
 - (1)

The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us. At the closing, you agree to deliver instruments transferring to us:

- (i) Good and marketable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and
- (ii) All licenses and permits of your Business which may be assigned or transferred; and
- (iii) The leasehold interest and improvements in the site.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

17.8. **Continuing Obligations.** All of our and your (and your owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include indemnification, payment, identification and dispute resolution provisions.

XVIII. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

181. **Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, 1 Percent Lists® Business personnel and others as the owner of your Business under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time-to-time. If you do not do so, we may place the notices and accomplish the foregoing as we see fit, and you must reimburse us for doing so.

182. **No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks or Copyrights in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Business' operation or the business you conduct pursuant to this Agreement.

183. **Taxes.** We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or your Business, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes are your responsibility.

184. **Indemnification.** You agree to indemnify, defend and hold harmless us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the “**Indemnified Party(ies)**”) against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in Section 18.3 and any and all claims and liabilities directly or indirectly arising out of your Business' operation (even if our negligence is alleged, but not proven) or your breach of this Agreement. For purposes of this indemnification, “**claims**” includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys', paralegals' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

XIX. INSURANCE.

19.1. **Types Required.** During the term of this Agreement, you must maintain in force, at your expense and under policies of insurance issued by carriers approved by us, the following types of insurance coverage:

- (a) Comprehensive, public and product liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Business;

- (b) General casualty and property insurance including fire, flood, hurricane, vandalism and malicious mischief, and extended coverage insurance with a full replacement value of your inventory and contents of your Business, covering such risks as are covered in the Standard Extended Coverage Endorsement;
- (c) Comprehensive motor vehicle insurance (including personal injury protection, uninsured motorist protection, and “**umbrella**” coverage) for any motor vehicles operated by your Business;
- (d) Workers’ compensation in the amounts required by applicable law for your Business;
- (e) “Umbrella” liability insurance;
- (f) Liability insurance against liability for professional and personal services;
- (g) Business interruption insurance;
- (h) Comprehensive crime and blanket employee dishonesty insurance;
- (i) Any other insurance we designate in the Manuals from time to time
- (j) Automobile liability insurance; and
- (k) Such other insurance as is required under any equipment lease agreement and any lease or other financing document (if any) for your Business, or that we otherwise designate as required or that we otherwise approve.

19.2. **Coverage Requirements.** You must maintain the insurance coverages in the minimum amounts we prescribe from time-to-time in the Manuals. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

19.3. **Policy Terms.** All insurance policies must:

- (a) Contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our affiliates, directors, officers or agents;
- (b) Extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;
- (c) Name us as an additional insured;
- (d) Contain a waiver of the insurance company’s right of subrogation against us;
- (e) Provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;
- (f) Provide that the insurance company will provide us with at least thirty (30) days’ prior written notice of termination, expiration, cancellation or material modification of any policy; and

- (g) Provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent.

19.4 **Evidence of Coverage.** Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of insurance coverage and premium payments, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain the insurance policies and must promptly sign all forms required to obtain or maintain the insurance. You must also allow any inspections of your Business required to obtain or maintain the insurance. Finally, you must pay us, on demand, any costs and premiums we incur in obtaining insurance on your behalf. Neither your obligation to maintain insurance coverage nor our maintenance of insurance on your behalf, will reduce or absolve you of any obligations of indemnification described in this Agreement.

XX. ENFORCEMENT.

201. **Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provision will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

202. **Waivers.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

203. **Limitation of Liability.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

- (a) Compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;
- (b) Acts of God; or
- (c) Acts or omissions of a similar event or cause.

However, such delays or events do not excuse payments of amounts owed at any time.

204. **Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or

suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

205. **Waiver of Punitive Damages.** EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO SECTION 18.4 OF THIS AGREEMENT AND CLAIMS FOR UNAUTHORIZED USE OF THE MARKS, SYSTEM OR CONFIDENTIAL INFORMATION, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US (EXCLUDING ANY CLAIMS WE MAY BRING AGAINST YOU PURSUANT TO SECTION 18.4 OF THIS AGREEMENT OR WHICH RELATE TO YOUR UNAUTHORIZED USE OF THE MARKS, CONFIDENTIAL INFORMATION OR SYSTEM OR YOUR VIOLATION OF ANY IN-TERM OR POST-TERMINATION NON-COMPETITION OR NON-SOLICITATION COVENANTS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF, ATTORNEYS' FEES AND COSTS (SUBJECT TO SECTION 20.11) AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

206. **Limitations of Claims.** ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS REVENUES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; (D) CLAIMS BY US FOR INJUNCTIVE RELIEF; AND/OR (E) UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

207. **Governing Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY LOUISIANA LAW, **THE CONFLICTS PROVISIONS OF WHICH THAT WOULD APPLY THE LAW OF ANOTHER STATE BEING DISCLAIMED AND** EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. References to any law or regulation also refer to any successor laws or regulations and any impending regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

208. **Jurisdiction.** YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN ST. TAMMANY PARISH, LOUISIANA, AND YOU WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS, WHICH COURTS SHALL BE EXCLUSIVE. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION OR IN ANY OTHER APPROPRIATE JURISDICTION.

209. **Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

2010. **Private Disputes.** ANY DISPUTE AND ANY LITIGATION WILL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS ONLY AND NOT A CLASS-WIDE, MULTIPLE PLAINTIFF OR SIMILAR BASIS. ANY SUCH PROCEEDING WILL NOT BE CONSOLIDATED WITH ANY OTHER

PROCEEDING INVOLVING ANY OTHER PERSON, EXCEPT FOR DISPUTES INVOLVING AFFILIATES OF THE PARTIES.

20.11. **Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

20.12. **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

20.13. **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators. This Agreement is not binding on us and will not be effective unless and until it is signed by one of our officers who is duly authorized by us to execute this Agreement.

20.14. **Entire Agreement.** Upon execution by you and us, this Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. However, nothing contained in this Section will limit your right to rely on statements made in our Franchise Disclosure Document, which was provided to you prior to the execution of this Agreement. Any subsequent Franchise Disclosure Documents we may provide to you during the course of your relationship with us are applicable only to those specific subsequent franchise agreements for which such Franchise Disclosure Documents may be provided, and do not apply to this Agreement, or our obligations or representations to you in connection with this Agreement. Under this Agreement, we do not have a continuing obligation to provide you subsequent versions of our Franchise Disclosure Document during the course of your relationship with us under, or to allow you to rely on the representations contained in them with respect to this Agreement.

20.15. **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

20.16. **Construction.** The headings of the sections are for convenience only. If two or more persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. "A or B" means "A" or "B" or both.

20.17. **Certain Definitions.** The term "family member" refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term "affiliate" means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms "franchisee, franchise owner, you and your" are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term "person" includes individuals and Business Entities. You and we are sometimes referred to individually as a "party" and collectively as "parties." The term "section" refers to a section or subsection of this Agreement. The word "control" means the power to direct or cause the direction of management and policies. The word "owner" means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this

Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

20.18. **Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words “**from**” and “**commencing on**” (and the like) mean “**from and including**”; and the words “**to**,” “**until**” and “**ending on**” (and the like) mean “**to but excluding**.” Indications of time of day mean Eastern Standard Time.

XXI. NOTICES AND PAYMENTS.

All written notices and reports permitted or required under this Agreement or by the Manuals will be deemed delivered:

- (a) Two (2) business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or
- (b) Three (3) business days after placement in the United States mail by certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: **1 PERCENT LISTS FRANCHISES, LLC**
123 Terra Bella Boulevard, Suite 2C
Covington, LA 70433

Attention: Grant Clayton

If to You: _____

Attention: _____

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten (10) business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior to such date, or in which the receipt from the commercial courier service is not dated prior to two (2) days prior to such date) will be deemed delinquent.

Intending to be bound, you and we sign and deliver this Agreement in two (2) counterparts effective on the Agreement Date, regardless of the actual date of signature.

“US”: 1 PERCENT LISTS FRANCHISES, LLC

Grant Clayton, Owner & CEO

Date _____

“YOU”: _____

Name, Title

Date _____

Name, Title

Date _____

EXHIBIT "A"
TO THE
1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT
DATED _____
WITH

[NAME OF FRANCHISE OWNER]

1. **Franchise Fee.** Your Franchise Fee is \$ _____ ~~and is due in lump sum on the Agreement Date.~~

Established Broker: YES NO

Payable: in full at the time of execution

 Commissions from each transaction until paid in full, with the unpaid balance being due in full 24 months from the Effective Date of this Agreement _____

2. **Site Selection Area.** The Site Selection Area for your 1 Percent Lists® Business is as follows:

~~Map attached: Yes/No~~

3. **Site.**

A. **Location of Site:** The address of your approved Site is:

Is this a home office site: Yes No

Your Website is included. Additional agent websites can be purchased individually.

4. **Royalty Fee.** _____ %

5. **Monthly Marketing Budget** Recommended \$ _____ Minimum: \$0.00

6. **Liquidated Damages.** As partial liquidated damages, \$1,000 per day for violating the in-term non-competition covenants; \$100,000 for violating the non-solicitation covenants; \$500,000 for violating the in-term or post-term confidentiality covenants or the post-term non-competition covenants.

7. **Minimum Transactions.** You must complete at least 12 transactions per year. Failure to do so will be a material default for which we may terminate this agreement without opportunity to cure.

1 PERCENT LISTS FRANCHISES, LLC

Grant Clayton, Owner & CEO

Date: _____

FRANCHISE OWNER

Name:

Date: _____

Name:

Date: _____

EXHIBIT “C”
TO THE
1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT
DATED _____
WITH

[NAME OF FRANCHISE OWNER]

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS (this “**Assignment**”) is effective as of _____, 20____, between 1 PERCENT LISTS FRANCHISES, LLC, a Louisiana limited liability company, with its principal place of business at 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433 (“**we**,” “**us**” or “**our**”) and _____, whose current place of business is _____ (“**you**” or “**your**”). You and we are sometimes referred to collectively as the “**parties**” or individually as a “**party**”.

BACKGROUND INFORMATION:

We have simultaneously entered into the certain Franchise Agreement (the “**Franchise Agreement**”) dated as of _____, 20 with you, pursuant to which you plan to own and operate a 1 Percent Lists® Business (the “**Business**”). 1 Percent Lists® Businesses use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the “**System**”). We identify 1 Percent Lists® Businesses and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the “**Marks**”). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings of the Business if the Franchise Agreement is terminated.

OPERATIVE TERMS:

You and we agree as follows:

1. Background Information: The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.
2. Conditional Assignment: You assign to us, all of your right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “**Numbers and Listings**”) associated with the Marks and used from time to time in connection with the operation of the Business. We will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless we notify the telephone company and/or the listing agencies with which you have placed telephone directory listings (collectively, the “**Telephone Company**”) to effectuate the assignment of the Numbers and Listings to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers and Listings. In such event, you will have no further right, title or interest in the Numbers and Listings and will remain liable to the Telephone Company for all past due fees owing to the Telephone Company on or before the date on which the assignment is effective. As between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers and Listings.
3. Power of Attorney: You irrevocably appoint us as your true and lawful attorney-in-fact to: (a) direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in the

Assignment, however, you will immediately notify and instruct the Telephone Company to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to so notify the Telephone Company. If you fail to promptly direct the Telephone Company to effectuate the assignment of the Numbers and Listings to us, we will direct the Telephone Company to do so. The Telephone Company may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers and Listings upon such termination or expiration. The assignment will become immediately and automatically effective upon Telephone Company's receipt of such notice from you or us. If the Telephone Company requires that you and/or we sign the Telephone Company's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, our signature on such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

4. Indemnification: You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the “**Indemnified Parties**”) harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company.

5. Binding Effect: This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. Assignment to Control: This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company.

7. Attorney's Fees, Etc.: In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term “attorneys' fees” means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. Severability: If any of the provisions of this Assignment or any section or subsection of this Assignment is held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. Governing Law and Forum: This Assignment is governed by Louisiana law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal courts of general jurisdiction in St. Tammany Parish, Louisiana, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

[Signatures on following page]

1 PERCENT LISTS FRANCHISES, LLC

Grant Clayton, Owner & CEO

Date: _____

FRANCHISE OWNER

Name:

Date: _____

Name:

Date: _____

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS is accepted and agreed to by:

(TELEPHONE COMPANY)

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT “D”
TO THE
1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT
DATED _____

WITH

[NAME OF FRANCHISE OWNER]

TO

1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS ADDENDUM (this “**Addendum**”) is effective as of _____ (the “**Effective Date**”) (regardless of the actual date of signature), and amends the Franchise Agreement (the “**Agreement**”) dated _____ between **1 PERCENT LISTS FRANCHISES, LLC** (“**we,**” “**us,**” or “**our**”) and _____ (“**you,**” or “**your**”).

1. Section 6.1 of the Franchise Agreement is deleted in its entirety and replaced with: “Fee Deferral. All initial fees listed on **Exhibit A** to be paid to us by you shall be deferred pending satisfaction of all of our pre-opening obligations to the franchisee.”
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates a jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

1 PERCENT LISTS FRANCHISES, LLC

By: _____
Name: _____
Title: _____
Date: _____

YOU

By: _____
Name: _____
Title: _____

Date: _____

EXHIBIT “E”
TO THE
1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT
DATED _____
WITH

[NAME OF FRANCHISE OWNER]

RIDER TO
1 PERCENT LISTS FRANCHISES, LLC.
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER (the “**Rider**”) is effective as of _____ (the “**Agreement Date**”), and amends the Franchise Agreement dated _____, (the “**Agreement**”), between **1 PERCENT LISTS FRANCHISES, LLC**, a Louisiana limited liability company, with its principal business address at 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433 (“**we**,” “**us**,” “**our**” or “**Franchisor**”), and _____ (“**you**,” “**your**” or “**Franchisee**”), whose mailing address is _____.

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreements. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreements. Terms not otherwise defined in this Rider have the meanings as defined in the Agreements.

2. **General Release**. Pursuant to Maryland Law, a release required by the Franchise Agreement as a condition of renewal, sale and/or assignment / transfer does not apply to any liability under the Maryland Franchise Registration and Disclosure Law (the “**Maryland Law**”).

3. **Limitation of Claims**. Any claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise to you.

4. **Jurisdiction**. You may bring a lawsuit against us in Maryland for any claims arising under the Maryland Law.

5. **Bankruptcy**. Any provision of this Agreement that provides for termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

6. **Additional Maryland Disclosure**. The Franchise Agreement, including all exhibits and all addenda are revised to add the following: All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

8. Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

Intending to be bound, the parties sign and deliver this Rider to each other as shown below:

1 PERCENT LISTS FRANCHISES, LLC

By: _____
Name: _____
Title: _____
Date: _____

YOU

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT “F”
TO THE
1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT
DATED _____
WITH

[NAME OF FRANCHISE OWNER]

RIDER TO
1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER (the “**Rider**”) is effective as of _____ (the “**Agreement Date**”), and amends the Franchise Agreement dated _____ (the “**Agreement**”), between **1 PERCENT LISTS FRANCHISES, LLC**, a Louisiana limited liability company, with its principal business address at 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433 (“**we**,” “**us**,” “**our**” or “**Franchisor**”) and _____ (“**you**,” “**your**” or “**Franchisee**”), a _____, whose mailing address is _____.

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Fee Deferral.** Section 6.1 of the Agreement is amended to add the following:

All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the Franchise Agreement.
3. **Limitation of Claims.** Section 20.6 of the Agreement is deleted in its entirety.
4. **Termination.** Section 16 of the Agreement is amended to add the following:

With respect to franchises governed by Minnesota Law, we will comply with Minn. Stat. Sec. 80c.14, subs. 3, 4, and 5, which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.
5. **Jurisdiction.** The following is added to Section 20.8:

Minn. Stat. Sec. 80C.21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
6. **Waiver of Jury Trial.** Section 20.9 is deleted in its entirety.

7. **Additional Provision**. The following language is added to the Franchise Agreement:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring that you consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Agreement(s) can abrogate or reduce your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

8. The following language is added as the first sentence to Section 8.9 of the Franchise Agreement (“Marks and Copyright Indemnification”):

During the Term of this Agreement, we will protect your right to use the Marks as long as you are using the Marks in accordance with our System Standards and in compliance with this Agreement.

9. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. Such release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Franchise Agreement is intended to or shall act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.

10. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.

11. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

1 PERCENT LISTS FRANCHISES, LLC

By: _____
Name: _____
Title: _____
Date: _____

YOU

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT G”
TO THE
1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT
DATED _____
WITH

[NAME OF FRANCHISE OWNER]

RIDER TO 1 PERCENT LISTS FRANCHISES, LLC.
FRANCHISE AGREEMENT FOR USE IN NORTH DAKOTA

THIS RIDER (the “**Rider**”) is effective as of _____ (the “**Agreement Date**”), and amends the Franchise Agreement dated _____ (the “**Agreement**”), between **1 PERCENT LISTS FRANCHISES, LLC**, a Louisiana limited liability company (“**we**,” “**us**,” “**our**” or “**Franchisor**”) with its principal office at 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433, and _____ (“**you**,” “**your**” or “**Franchisee**”), a _____ whose mailing address is _____.

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Grant of Successor Franchise**. You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the “ND Law”).
3. **Post-Term Competitive Restrictions**. Covenants not to compete, such as those mentioned in this section, are generally unenforceable in the State of North Dakota.
4. **Jurisdiction**. All matters coming under the ND Law may be brought in the courts of North Dakota.
5. **Waiver of Punitive Damages**. Paragraph 20.5 of the Franchise Agreement is deleted in its entirety.
6. **Limitation of Claims**. The statute of limitations under ND Law applies to all matters coming under ND Law.
7. **Governing Law**. This Agreement will be governed by North Dakota law.
8. **Waiver of Jury Trial**. Section 20.9 is in its entirety.

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

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

[Signatures on following page]

1 PERCENT LISTS FRANCHISES, LLC

By: _____
Name: _____
Title: _____
Date: _____

YOU

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT “H”
TO THE
1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT
DATED _____
WITH

[NAME OF FRANCHISE OWNER]

RIDER TO
1 PERCENT LISTS FRANCHISES, LLC.
FRANCHISE AGREEMENT
FOR USE IN SOUTH DAKOTA

THIS RIDER (the “**Rider**”) is effective as of _____ (the “**Agreement Date**”), and amends the Franchise Agreement dated _____ (the “**Agreement**”), between **1 PERCENT LISTS FRANCHISES, LLC**, a Louisiana limited liability company (“**we**,” “**us**,” “**our**” or “**Franchisor**”) with its principal address at 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433, and _____ (“**you**,” “**your**” or “**Franchisee**”), a _____ whose mailing address is _____.

1. **Precedence And Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination.** The following is added to Section 16:

You will have 30 days written notice with an opportunity to cure prior to termination for the following: breach of the Franchise Agreement, failure to meeting performance and quality standards and failure to make royalty payments.

3. **Covenants Not to Complete.** Covenants not to compete on termination or expiration of a Franchise Agreement are generally unenforceable in the state of South Dakota, except in certain instances as provided by law. This statement is given for informational purposes only.

4. **Jurisdiction and Venue.** Any provision which designates jurisdiction or venue or requires you to agree to jurisdiction or venue in a forum outside South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

[Signatures on following page]

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1 PERCENT LISTS FRANCHISES, LLC

By: _____
Name: _____
Title: _____
Date: _____

YOU

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT “I”
TO THE
1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT

DATED _____

WITH

[NAME OF FRANCHISE OWNER]

TO

1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT
FOR USE IN VIRGINIA

THIS ADDENDUM (this “**Addendum**”) is effective as of _____ (the “**Effective Date**”) (regardless of the actual date of signature), and amends the Franchise Agreement (the “**Agreement**”) dated _____ between **1 PERCENT LISTS FRANCHISES, LLC** (“**we,**” “**us,**” or “**our**”) and _____ (“**you,**” or “**your**”).

1. Whereas, the Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. Now, therefore, the parties agree:

Section 6.1 of the Franchise Agreement is deleted in its entirety and replaced with: “**Fee Deferral.** All initial fees listed on **Exhibit A** to be paid to us by you shall be deferred pending satisfaction of all of our pre-opening obligations to the franchisee. The Franchise Fee is due in lump sum payment, and is fully earned and non-refundable when paid.”

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

1 PERCENT LISTS FRANCHISES, LLC

By: _____
Name: _____
Title: _____
Date: _____

YOU

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT “J”
TO THE
1 PERCENT LISTS FRANCHISES, LLC FRANCHISE AGREEMENT
DATED _____
WITH

[NAME OF FRANCHISE OWNER]

RIDER TO
1 PERCENT LISTS FRANCHISES, LLC.
FRANCHISE AGREEMENT
FOR USE IN WASHINGTON

THIS RIDER (the “**Rider**”) is effective as of _____ (the “**Agreement Date**”), and amends the Franchise Agreement dated _____ (the “**Agreement**”), between **1 PERCENT LISTS FRANCHISES, LLC.**, a Louisiana limited liability company (“**we,**” “**us,**” “**our**” or “**Franchisor**”) with its principal address at 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433, and _____ (“**you,**” “**your**” or “**Franchisee**”), a _____ whose mailing address is _____.

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including the attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

The undersigned parties do hereby acknowledge receipt of this addendum.

1 PERCENT LISTS FRANCHISES, LLC

By: _____
 Name: _____
 Title: _____
 Date: _____

YOU

By: _____
 Name: _____
 Title: _____
 Date: _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT

**FORM OF
OWNERS' STATEMENT**

OWNERS' STATEMENT

This form must be completed by the Franchisee (“I,” “me,” or “my”) if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

Form of Franchisee. I am a (check one): General Partnership/Corporation/Limited Partnership/
Limited Liability Company/Other

Business Entity. I was incorporated or formed on _____, under the laws of the State of _____. I have not conducted business under any name other than my corporate, limited liability company or partnership name and _____. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

| Name of Person | Positions Held |
|----------------|----------------|
| | |
| | |

Owners. The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner’s interest. Attach additional sheets if necessary.

| Owner’s Name | Spouse/Life Partner | Address | Description of Interest |
|--------------|---------------------|---------|-------------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Governing Documents. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of your 1 Percent Lists® Business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.)

[Signatures on Following Page]

This Statement of Owners is current and complete as of _____.

INDIVIDUALS:

Name, Title

Date _____

Name, Title

Date _____

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

Business Name

By: _____

Date _____

EXHIBIT D TO THE DISCLOSURE DOCUMENT

**FORM OF
OWNERS' GUARANTY**

OWNERS' GUARANTY

THIS OWNERS' GUARANTY (this "**Guaranty**") must be signed by the direct and indirect owners (e.g. an unnamed spouse for a community property marital regime)(referred to as "you" for purposes of this Guaranty only) of _____ (the "**Business Entity**") under the _____ including any Development Addendum or other addenda or exhibits to it, effective as of _____ (individually and collectively, the "**Agreement**") between the Business Entity and 1 PERCENT LISTS FRANCHISES, LLC ("**us,**" "**our**" or "**we**").

1. Scope of Guaranty. In consideration of and as an inducement to our signing and delivering the Agreement, each of you signing this Guaranty jointly, severally, personally and unconditionally:

(a) guarantee to us and our successors and assigns that your Business Entity will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement;

(b) agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement;

(c) without limiting (b), above, specifically acknowledge, agree, represent and warrant that you, as an individual will be personally bound by each and every injunctive, confidentiality and restrictive covenant provision in the Franchise Agreement as if you were the Franchisee; and

(d) agree that All of the in-term and post term confidentiality, non-solicitation, non-competition and nondisclosure obligations of the Franchisee are incorporated into this Guaranty by reference.

2. Waivers. Each of you waive:

(a) acceptance and notice of acceptance by us of your obligations under this Guaranty;

(b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you;

(c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you;

(d) any right you may have to require that an action be brought against the Business Entity or any other person as a condition of your liability;

(e) all rights to payments and claims for reimbursement or subrogation which you may have against the Business Entity arising as a result of your execution of and performance under this Guaranty;

(f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors; and

(g) any requirement for a bond in connection with the enforcement of any restrictive covenant contained in the Agreement.

3. **Consents and Agreements.** Each of you consent and agree that:

- (a) your direct and immediate liability under this Guaranty are joint and several;
- (b) you must render any payment or performance required under the Agreement upon demand if the Business Entity fails or refuses punctually to do so;
- (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Business Entity or any other person;
- (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Business Entity or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence will in any way modify or amend this Guaranty; and
- (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration, or during any modification of it.

4. **Enforcement Costs.** If we are required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include our accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness.** Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Louisiana law and we may enforce our rights regarding it in the courts of St. Tammany Parish, Louisiana. Each of you irrevocably submits to the jurisdiction and venue of such courts. This Guaranty applies to any of your successors or assigns. This Guaranty is an integral part of and incorporated into the Franchise Agreement.

(Signature Page Immediately Follows)

Each of you now sign and deliver this Owners' Guaranty effective as of the date of the Agreement regardless of the actual date of signature.

| PERCENTAGE OF OWNERSHIP INTEREST IN BUSINESS ENTITY | GUARANTORS | SIGNATURE |
|--|-------------------|------------------|
| | | |
| | | |

EXHIBIT E TO THE DISCLOSURE DOCUMENT

FORMS OF RELEASES: RENEWAL AND TRANSFER

RELEASE -- RENEWAL

THIS RELEASE is given by _____ and all of its predecessors, parent company, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their employees, owners, officers, directors, heirs, beneficiaries, executors and administrators (individually and collectively, "**Releasor**") to 1 PERCENT LISTS FRANCHISES, LLC, and their predecessors, agents, affiliates, subsidiaries, parents, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (individually and collectively, "**Released Parties**").

Releasor is a party to that certain _____ Agreement dated effective _____ (the "**Prior Agreement**"). Releasor seeks to enter into a successor _____ Agreement (the "**Successor Agreement**") pursuant to the terms for closing under the Prior Agreement. The Prior Agreement requires Releasor to provide this release to Released Parties as a condition to entering into the Successor Agreement. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Releasor hereby agrees as follows:

1. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Releasor forever releases and discharges and covenants (promises) not to sue, or bring any form of arbitration or litigation against the Released Parties from or relating to any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Releasor now has or ever had against Released Parties, including without limitation, anything arising out of that certain relationship under which Releasor was sold training, products or services to enable Releasor to operate or begin a business of operating a 1 Percent Lists® Business, the business relationship between Released Parties and Releasor and any other relationships between Releasor and Released Parties; except Released Parties' obligations under the Successor Agreement dated effective _____ to which this release is an Exhibit. Subject to the foregoing, this Release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Releasor is not now aware; and (b) all claims Releasor has from anything which has happened up to now.

2. Releasor is bound by this Release. Releasor freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Releasor and Released parties acknowledge its receipt and sufficiency. Releasor is giving up its right to sue the Released Parties. The parties are executing this Release after independent investigation and without fraud, duress, or undue influence. Releasor acknowledges and agrees that the Released Parties will suffer monetary damages as a result of the release, as well as the covenant not to sue granted hereunder, and that the Released Parties may sue for damages for either or both such breach(es).

3. For the purpose of implementing a full and complete release and discharge of all known and unknown claims, Releasor expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights which Releasor does not know or suspect to exist in Releasor's favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

4. Releasor expressly acknowledges that if Releasor is located in California or is a resident of California, it has been fully advised by its attorney of the contents of Section 1542 of the Civil Code of California, and that that section and the benefits thereof are hereby expressly waived. Section 1542 reads as follows:

Section 1542. (General Release--Claims Extinguished.) A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of Claims, the Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitations, all Claims which the Parties do not know or suspect to exist in their favor at the time of execution hereof, and that the settlement agreed upon contemplates the extinguishment of any and all such Claims.

5. Releasor represents and warrants to Released Parties that Releasor has not assigned or transferred to any other person any claim or right Releasor had or now has relating to or against the Released Parties.

6. This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

7. In this Release, each pronoun includes the singular and plural as the context may require.

8. This Release is governed by Louisiana law or [] _____ law (if box checked).

This Release is effective _____ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned Releasor executes this Release:

By: _____
Name: _____
Title: _____
Date: _____

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by _____, on behalf of _____ who is personally known to me or has produced _____ as identification.

Signature of Notary
Printed Name of Notary _____
Notary Public, State of _____
Serial Number of Notary _____

RELEASE – ASSIGNMENT OR TRANSFER

THIS RELEASE is given by _____ and all of its predecessors, parent company, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their employees, owners, officers, directors, heirs, beneficiaries, executors and administrators (individually and collectively, “**Releasor**”) to 1 PERCENT LISTS FRANCHISES, LLC, and their predecessors, agents, affiliates, subsidiaries, parents, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (individually and collectively, “**Released Parties**”).

Releasor is a party to that certain _____ Agreement dated effective _____ (the “**Prior Agreement**”). Releasor seeks to, pursuant to the terms of the Prior Agreement; transfer its rights under the Prior Agreement to _____ (“**Transferee**”). As a result of such transaction (the “**Transfer**”), Releasor and Transferee will engage in a transaction that constitutes a “transfer” under the terms of the Prior Agreement. The Prior Agreement requires Franchisee to provide this release to Released Parties as a condition to entering into the Transfer. For good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Releasor hereby agrees as follows:

1. Effective on the date of this Release, and subject to the exceptions set forth in Paragraph 5 below, Releasor forever releases and discharges and covenants (promises) not to sue, or bring any form of arbitration or litigation against the Released Parties from or relating to any and all claims, causes of action, suits, debts, agreements, promises, damages, losses, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, known or unknown, fixed or contingent, past or present, which Releasor now has or ever had against Released Parties, including without limitation, anything arising out of that certain Prior Agreement, the relationship under which Releasor was sold training, products or services to enable it to operate or begin a business of operating a 1 Percent Lists® Business, the business relationship between Released Parties and Releasor and any other relationships between Releasor and Released Parties; except Released Parties’ obligations under the to which this release is an Exhibit. This Release is intended by the parties’ agreements effectuating the Transfer. Subject to the foregoing, this release is intended by the parties to be unqualifiedly general in scope and effect and effective for: (a) any and all claims and obligations, including those of which Releasor is not now aware; and (b) all claims Releasor has from anything which has happened up to now.

2. You and your owners agree that commencing on the date of this Release, for a period of two (2) years, neither you nor any of your owners will have any direct or indirect interest (e.g. through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, Manager, representative or agent or in any other capacity in any Competitive Business operating at the site, within the Target Marketing Area, or through the Independent Business; within twenty-five (25) miles of the site, the Target Marketing Area; or within twenty-five (25) miles of any other 1 Percent Lists® Business or its site and Target Marketing Area in operation or under construction on the later of the effective date of the termination or expiration. Terms not otherwise defined herein have the same meanings as provided in the Prior Agreement. If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the two (2) year period will commence with the entry of an order of a court if necessary, enforcing this provision. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. Furthermore, your agreements with the Independent Business must provide that, to the maximum extent permitted by law, the Independent Business and its Real Estate Brokers and Professionals agree to similar restrictions as are imposed on you under this Section. The term “**Competitive Business**” as used in this Release means any business (other than a 1 Percent Lists® Business operated under a franchise agreement with us) or facility owning, operating or managing, or granting franchises or licenses to

others to do so, any business or facility that offers real estate sales or listing products or services or any other products or services that are the same or similar to the Products and Services (including Other Services) then offered by 1 Percent Lists® Businesses.

3. Releasor is bound by this Release. Releasor freely and voluntarily gives this Release to Released Parties for good and valuable consideration and Releasor and Released parties acknowledge its receipt and sufficiency. Releasor is giving up its right to sue the Released Parties. The parties are executing this License after independent investigation and without fraud, duress, or undue influence. Releasor acknowledges and agrees that the Released Parties will suffer monetary damages as a result of the release, as well as the covenant not to sue granted hereunder, and that the Released Parties may sue for damages for either or both such breach(es).

4. For the purpose of implementing a full and complete release and discharge of all such known and unknown claims, Releasor expressly acknowledges that this Release is intended to include and does include in its effect, without limitations, any and all rights and claims except Released Parties', which Franchisee does not know or suspect to exist in Releasor's favor, as of the date of execution of this Release and that this Release expressly provides for the extinguishment of all such claims, including but not limited to, any and all rights or claims under any applicable federal, state or local statute, regulation or common law.

5. Releasor expressly acknowledges that if Releasor is located in California or is a resident of California, it has been fully advised by its attorney of the contents of Section 1542 of the Civil Code of California, and that that section and the benefits thereof are hereby expressly waived. Section 1542 reads as follows:

Section 1542. (General Release--Claims Extinguished.) A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of Claims, the Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitations, all Claims which the Parties do not know or suspect to exist in their favor at the time of execution hereof, and that the settlement agreed upon contemplates the extinguishment of any and all such Claims.

6. Releasor represents and warrants to Released Parties that Releasor has not assigned or transferred to any other person any claim or right Releasor had or now has relating to or against the Released Parties.

7. This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.00, and the rules adopted thereunder.

8. In this Release, each pronoun includes the singular and plural as the context may require.

9. This Release is governed by Louisiana law or [] _____ law (if box checked).

This Release is effective _____ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned Releasor executes this Release:

By: _____
Name: _____
Title: _____
Date: _____

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____,
20____, by _____, on behalf of _____
_____ who is personally known to me or has produced _____
as identification.

Signature of Notary

Printed Name of Notary _____

Notary Public, State of _____

Serial Number of Notary _____

EXHIBIT F TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA AND DISCLOSURE

**ADDENDUM TO THE 1 PERCENT LISTS, LLC
CALIFORNIA DISCLOSURE DOCUMENT**

The following paragraphs are added to the Disclosure Document:

OUR WEBSITE www.1percentlists.com HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF THE AGREEMENT.

The following is added to Item 6 of the Disclosure Document: “The maximum interest rate in California is 10% annually as set forth in the Constitution of the State of California Article XV, §1.”

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Non-renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees 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.

Termination Upon Bankruptcy. 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.*).

Post-Termination Non-competition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Louisiana with certain exceptions. These provisions may not be enforceable under California law.

Ownership by Real Estate Brokers. In California, the 1 Percent Lists® Business must be owned by one or more real estate brokers unless and until the California Board of Realtors approves our offering of the franchise to non-real estate broker owners. At this time the California Board of Realtors has not yet approved its ownership by non-real estate brokers.

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.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law

(California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

None of the franchisor, any person or franchise broker in Item 2 of the FDD 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 such persons from membership in such association or exchange.

Under California Corporations Code Section 31114, the registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

Under California Corporations Code Section 31119, (a) it is unlawful to sell any franchise in this state that is subject to registration under this law without first providing to the prospective franchisee, at least 14 days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least 14 days prior to the receipt of any consideration, whichever occurs first, a copy of the franchise disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise, and (b) nothing in this division shall be construed to prevent a franchisor from providing copies of the franchise disclosure documents to prospective franchisees through electronic means pursuant to any requirements or conditions that may be imposed by rule or order of the commissioner.

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

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Under California Corporations Code Section 31512.1, any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

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

ADDENDUM TO THE 1 PERCENT LISTS FRANCHISES, LLC
ILLINOIS DISCLOSURE DOCUMENT

Illinois law governs the Franchise Agreement(s)

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

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

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

ADDENDUM REQUIRED BY THE STATE OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement: There are presently no arbitration proceedings to which the Franchisor is a party.
2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1(9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive APR.
3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1(10).
4. Under Indiana Code 23-2-2.7-1(10), jurisdiction and venue must be in Indiana if the franchisee so requests. The appropriate sections of the Franchise Agreement are hereby amended.
5.
Under Indiana Code 23-2-2.7-1(10), franchisee may not agree to waive any claims or rights.

**ADDENDUM TO THE 1 PERCENT LISTS FRANCHISES, LLC
MARYLAND DISCLOSURE DOCUMENT**

1. The following is added to the “Special Risks to Consider About this Franchise” page:

Spousal Liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouses’ marital and personal assets, perhaps including your house, at risk if your franchise fails.

2. Item 5 is amended to add the following language:

Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

3. Item 7 footnotes 12 and 13 are amended is amended as follows:

Footnote 12/ Item 7 estimates your initial start-up expenses, including payroll costs, other MLS listing fees, cost of license transfers in necessary, miscellaneous vehicle costs like gas, insurance and maintenance, cost of creating listings, including video, audio and other media, and your required advertising expenditures described in Item 6. You will need to have transportation to and from customer meetings and for showing properties. We have based this estimate upon our experience, the experience of our franchisees, information reported to us by our franchisees, and our knowledge of the operational expenses of the unit-level franchised businesses in the system.

Footnote 13/ This total initial investment range is based on a single Unit Franchise. All payments to us or our affiliates in this Item 7 are non- refundable. Payments made to third parties may be refundable if you and the third party mutually agree to allow for a refund. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing for third parties will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan.

- 2.4. Item 17 is amended by adding the following language after the table:

- (a) You may sue in Maryland for claims arising under the Maryland Law. Any claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.
- (b) The provision of the franchise agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).
- (c) Pursuant to COMAR 02.02.08L, the General Release required as a condition of renewal, sale and/or transfer does not apply to any liability under the Maryland Law.

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

ADDENDUM TO THE 1 PERCENT LISTS FRANCHISES, LLC
MINNESOTA DISCLOSURE DOCUMENT

1. Item 5 is amended by adding the following language:

All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the Franchise Agreement.

2. Item 17, summary column for (f) is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure).

3. Item 17, summary column for (m) is amended to add the following:

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

4. Item 17, summary columns for (v) and (w) are amended to add the following:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. The following language is added to the Minnesota disclosure document:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring that you consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

6. In Item 13, the following language is deleted from the paragraph under the heading "Infringement"- "The Franchise Agreement does not require us to defend the Marks or to participate in your defense and/or indemnify you for your expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licenses to you by us or if the proceeding is resolved unfavorably to you." The following language is added in its place: "As long as you are using our Marks according to our System Standards and in compliance with the terms of your agreements with us, we will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of such Marks by third parties. You must provide written notice to us of any such claim within 10 days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

7. Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22. The Franchise Agreement contains provisions requiring a general release as a condition of renewal or transfer of a franchise. Such release will exclude claims arising under Minnesota Statutes 80C.01 through 80C.22. In addition, no representation or acknowledgement by you in the Franchise Agreement is intended to or shall act as a release, assignment, novation or waiver that would relieve any person from liability under Minnesota Statutes 80C.01 through 80C.22.
8. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J. Also, a court will determine if a bond is required.
9. Any limitations of claims sections must comply with Minnesota Statutes, Section 80.17, Subdivision 5.
10. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

**ADDENDUM TO THE 1 PERCENT LISTS FRANCHISES, LLC
NEW YORK DISCLOSURE DOCUMENT**

1. The following information is added to the cover page of the Franchise Disclosure Document:

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

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

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

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by a franchisee”:

“You may terminate the agreement on any grounds available by law.”

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

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

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**ADDENDUM TO THE 1 PERCENT LISTS FRANCHISES, LLC
NORTH CAROLINA DISCLOSURE DOCUMENT**

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled. (N.C.G.S. §66-95)

Effective Date: May 19, 2025, as amended September 10, 2025

**ADDENDUM TO THE 1 PERCENT LISTS FRANCHISES, LLC
NORTH DAKOTA DISCLOSURE DOCUMENT**

1. The Summary column of Item 17 paragraph (c) of the Disclosure Document is modified to read as follows:

“Give us at least 90 days’ notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the “**ND Law**”).”

2. The Summary column of Item 17 paragraph (r) of the Disclosure Document is modified by adding the following at the end of the sentence:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

3. The Summary column of Item 17 paragraph (v) of the Disclosure Document is amended to read as follows:

Except for matters coming under the ND Law, litigation must be in the Parish of St. Tammany, State of Louisiana.

4. The Summary column of Item 17 paragraph (w) of the Disclosure Document is amended to read as follows:

Except for matters coming under the ND Law, the law of Louisiana (subject to state law).

5. The Franchisee is not required to waive jury trial for any matters coming under ND Law.

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

**ADDENDUM TO THE 1 PERCENT LISTS FRANCHISES, LLC
RHODE ISLAND DISCLOSURE DOCUMENT**

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

ADDENDUM TO THE 1 PERCENT LISTS FRANCHISES, LLC
SOUTH DAKOTA DISCLOSURE DOCUMENT

1. The summary statement of provision (q) of Item 17, is deleted in its entirety and the following substituted in its place:

Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

2. Any provision that provides that the parties' waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages may not be enforceable under South Dakota Law. If any of the provisions in this Disclosure Document or the Franchise Agreement are inconsistent with this paragraph, the terms of this paragraph will prevail with regard to any franchise sold in South Dakota.

All initial fees and payments shall be deferred until such time as the franchisor completes its initial obligations under the Franchise Agreement and the Development Addendum.

**ADDENDUM TO THE 1 PERCENT LISTS FRANCHISES, LLC
VIRGINIA DISCLOSURE DOCUMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure document for 1 Percent Lists, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following is added to the “Special Risks to Consider About this Franchise” page:

Spousal Liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouses’ marital and personal assets, perhaps including your house, at risk if your franchise fails.

The following statements are added to Item 17.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 Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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

WASHINGTON ADDENDUM TO THE ~~1 PERCENT LISTS~~
FRANCHISES, LLC WASHINGTON FRANCHISE AGREEMENT,
DEVELOPMENT ADDENDUM AND
DISCLOSURE DOCUMENT

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Agreement, Franchise Agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Medication, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including the attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

(signatures on following page) _____

19. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR

FRANCHISEE

EXHIBIT G TO THE DISCLOSURE DOCUMENT

FORM OF CONFIDENTIALITY AND NON-SOLICITATION AGREEMENTS

**EXHIBIT “G-1” TO THE
1 PERCENT LISTS FRANCHISES, LLC
FRANCHISE AGREEMENT
DATED _____
WITH**

(NAME OF FRANCHISE OWNER)

**NON-DISCLOSURE/NON-SOLICITATION AGREEMENT
FOR CLERICAL STAFF
(Includes Administrative Assistants, File Clerks, Receptionists, etc.)**

THIS NON-DISCLOSURE/NON-SOLICITATION AGREEMENT (this “**Agreement**”) is effective as of _____, between the 1 Percent Lists® Business (the “**Business**”) located at (**Full Street Address**): _____ (“**we**,” “**us**,” “**our**” or “**Franchisee**”) and (**Staff Member Name Printed**) _____ (“**you**” or “**your**”), an (check one) employee or independent contractor of ours.

BACKGROUND INFORMATION:

We have entered into a Franchise Agreement (the “**Franchise Agreement**”) with 1 PERCENT LISTS FRANCHISES, LLC, a Louisiana limited liability company (the “**Franchisor**”) to operate a 1 Percent Lists® Business. The Business specializes in offering and providing the Franchisor’s proprietary, designated or approved real estate, products and services, and other products and services the Franchisor may designate or approve from time to time (the “**Products and Services**”). The Products and Services form part of the Franchisor’s proprietary real estate broker program which is called the “**1 PERCENT LISTS® Program**” (collectively the “**System**”).

We possess or have access to certain confidential and proprietary information, consisting of the System and the know-how related to its use; plans, specifications, size and physical characteristics of 1 Percent Lists® Businesses; site selection criteria, land use and zoning techniques and criteria; methods in obtaining licensing and meeting regulatory requirements; sources and design of equipment, furniture, forms, materials and supplies; marketing, advertising and promotion programs for 1 Percent Lists® Businesses; staffing and delivery methods and techniques for services; the selection, testing and training of Managers/Brokers or Agents and other employees for 1 Percent Lists® Businesses; the recruitment, qualification and investigation methods to secure employment for employment candidates; certain computer Software made available or recommended for 1 Percent Lists® Businesses; methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of 1 Percent Lists® Businesses; knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; methods and techniques for the Products and Services; knowledge of operating results and financial performance of 1 Percent Lists® Businesses and the Business; customer information; and other confidential and proprietary information, certain of which the Franchisor licenses to us or which are developed by us under the Franchise Agreement but are owned by the Franchisor (the “**Confidential Information**”).

You understand that the System and Confidential Information are the Franchisor’s proprietary, trade secrets and are confidential. You acknowledge that we and the Franchisor have provided you with specialized and extensive training regarding the Business and that we have developed extensive customer goodwill. We have an obligation under our Franchise Agreement to maintain the Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

OPERATIVE TERMS:

Accordingly, you and we agree as follows:

1. Confidentiality.

A. During the term of this Agreement and for a period of 2 years following its termination or expiration for any reason, you (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement and your employment by, or association with us; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; (d) will comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) will upon termination of employment immediately return any and all Confidential Information provided to you by us or the Franchisor.

B. The same restrictions above will apply forever to our trade secrets.

2. Non-Solicitation. You will also not, during the term of this Agreement or during the 2 years following its termination or expiration, for any reason, (a) recruit or hire any employee of ours, of the Franchisor, of our or its affiliates, or of any of the Franchisor's franchisees or licensees; (b) on behalf of yourself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, customers, referral sources, clients, vendors, suppliers, franchisees or contractors of ours or the Franchisor, our or its affiliates or any of its franchisees or as such may exist during the term of this Agreement or after its termination or expiration.

3. Severability and Substitution. To the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope, area, activity, or duration, but may be made enforceable by modifying any or all thereof; this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such modified provision will be enforced to the fullest extent.

4. Extension of Time Period. The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

5. Suspension of Compensation. We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

6. No Defense or Setoff. You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

7. Injunctive Relief. You and we agree that the breach of this Agreement will result in irreparable harm to us and/or the Franchisor, and that no monetary award can fully compensate us and/or the Franchisor if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us or the Franchisor at equity or law.

8. Relationship. This Agreement governs only certain aspects of your relationship with us. The terms and conditions of your employment or provision of services for us remain the same as they have been prior to the date of this Agreement, or as established afterwards. By entering into this Agreement, neither you nor we are committing to employ or engage the other, or to work for the other for any period of time or under any new or different terms and conditions. If you are an employee, this Agreement does not change your status as "at will."

9. **Miscellaneous.**

(a) **Complete Agreement:** This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them related to the matters addressed in this Agreement. The continued relationship between the parties described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment:** A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative:** No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

(d) **Our and Franchisor's Access to Communications:** You agree that we and Franchisor may access, view and copy and that you have no right to prevent us or Franchisor from accessing, viewing or copying any and all e-mails, voice mails, text messages, voice mails or any other form of communication you send, store or receive via any computer, text, blackberry, SIMS, phone, internet telephony, or similar technology or device that we or Franchisor provide, or authorize you to use, or which you use to transmit, store, receive or send any communication which relates to the Business, us, Franchisor, or your breach of your obligations to us or Franchisor. In connection with such communications, you acknowledge and agree that you have no right of privacy whatsoever. Upon request, you must provide us and Franchisor any passwords or information, or consents needed to access that information.

10. **Certain Definitions.** As used throughout this Agreement, the following terms have the following meanings:

(a) The term "**person**" means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other entity or enterprise or any natural person.

(b) The term "**affiliate**" means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other entities that are beneficially owned by such person or its affiliates.

(c) The term "**attorney's fees**" means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

11. **Attorneys' Fees:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Agreement, the prevailing party will be entitled to full reimbursement of its litigation expenses from the other party. Litigation expenses include attorneys' fees, costs, expert witness fees and other related expenses including paralegal fees, travel and lodging expenses and court and arbitration filing costs. Reimbursement is due within 30 days of written notice after determination.

12. **Governing Law.** This Agreement is governed by the laws of the state where the Business is located.

13. **Third Party Beneficiary.** You and we agree that 1 PERCENT LISTS FRANCHISES, LLC, and its affiliated companies, is an intended third party beneficiary of our rights under this Agreement and has, by the execution of this Agreement by you and us, the right to take any and all legal action and file suit to enforce our and their rights under this Agreement. As a third party beneficiary, 1 PERCENT LISTS FRANCHISES, LLC, and its affiliated companies, may take any legal action as if it were us. You waive any and all defenses or objections to 1 PERCENT LISTS FRANCHISES, LLC, and its affiliated companies, enforcing our rights under this Agreement.

Except to the extent this agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) or other federal law, should 1 PERCENT LISTS, LLC, and/or its affiliated companies, be required to enforce the provisions of this Agreement, or suffer damages by breach of this Agreement, resulting in litigation or otherwise, you and we consent and irrevocably submit to the jurisdiction and venue of any state or federal court of competent jurisdiction located in Madisonville, Louisiana, and you waive any objection to the jurisdiction and venue of such courts.

14. **Survival.** The provisions of this Agreement survive any termination of the Franchise Agreement or the relationship between you and us.

15. **Background Information.** The above-written Background Information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the Background Information.

Intending to be bound, the parties sign below:

FRANCHISEE

By: _____
Name: _____
Title: _____
Date: _____

YOU

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT “G-2” TO THE
1 PERCENT LISTS FRANCHISES, LLC
FRANCHISE AGREEMENT
DATED _____
WITH _____

(NAME OF FRANCHISE OWNER)

**CONFIDENTIALITY/NON-SOLICITATION/
NON-COMPETITION AGREEMENT
FOR PROFESSIONAL STAFF
(Real Estate Brokers)**

**THIS CONFIDENTIALITY/NON-SOLICITATION/ NON-COMPETITION
AGREEMENT** (this “**Agreement**”) is effective as of _____, between the 1
Percent Lists® Business (the “**Business**”) located at (**Full Street Address**):

 (“we,” “us,” “our” or “**Franchisee**”) and (Staff Member Name Printed): _____
 (“**you**” or “**your**”), an employee or independent contractor of ours.

BACKGROUND INFORMATION:

We have entered into a Franchise Agreement (the “**Franchise Agreement**”) with 1 PERCENT LISTS FRANCHISES, LLC, a Louisiana limited liability company (the “**Franchisor**”) to operate a 1 Percent Lists® Business. The Business specializes in offering and providing the Franchisor’s proprietary, designated or approved real estate products and services, and other products and services the Franchisor may designate or approve from time to time (the “**Products and Services**”). The Products and Services form part of the Franchisor’s proprietary real estate broker program which is called the “**1 PERCENT LISTS® Program**.” (collectively, the “**System**”)

We possess or have access to certain confidential and proprietary information, consisting of the System and the know-how related to its use; plans, specifications, size and physical characteristics of 1 Percent Lists® Businesses; site selection criteria, land use and zoning techniques and criteria; methods in obtaining licensing and meeting regulatory requirements; sources and design of equipment, furniture, forms, materials and supplies; marketing, advertising and promotion programs for 1 Percent Lists® Businesses; staffing and delivery methods and techniques for services; the selection, testing and training of Managers/Directors and other employees for 1 Percent Lists® Businesses; the recruitment, qualification and investigation methods to secure employment for employment candidates; certain computer Software made available or recommended for 1 Percent Lists® Businesses; methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of 1 Percent Lists® Businesses; knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; recipes, formulas, preparation methods and techniques for the Products and Services; knowledge of operating results and financial performance of 1 Percent Lists® Businesses and the Business; customer information; and other confidential and proprietary information, certain of which the Franchisor licenses to us or which are developed by us under the Franchise Agreement but are owned by the Franchisor (the “**Confidential Information**”).

You understand that the System and Confidential Information are the Franchisor's proprietary, trade secrets and are confidential. You acknowledge that we and the Franchisor have provided you with specialized and extensive training regarding the Business and that we have developed extensive customer goodwill. We have an obligation under our Franchise Agreement to maintain the Confidential Information as secret and confidential. You represent to us and the Franchisor that you have other skills that you can utilize if, for any reason, your relationship with us ends.

OPERATIVE TERMS:

Accordingly, you and we agree as follows:

1. **Confidentiality.** During the term of this Agreement and for a period of 2 years following its expiration or termination for any reason, you will (a) not use the Confidential Information in any other business or capacity; (b) maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement and your employment by, or association with us; (c) not make unauthorized copies of any portion of the Confidential Information disclosed in written form; (d) comply with all procedures we prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) upon termination of employment immediately return any and all Confidential Information provided to you by us or the Franchisor. You will also keep confidential and the same restrictions above will apply forever to any of our trade secrets.

2. **Non-Solicitation.** During the term of this Agreement and for a period of 2 years following its expiration or termination for any reason, you will not recruit or hire any employee of ours, of the Franchisor, of our or its affiliates, or of any of the Franchisor's franchisees or licensees and, on behalf of yourself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, customers, referral sources, clients, vendors, suppliers, franchisees or contractors of ours or the Franchisor, our or its affiliates or any of its franchisees or as such may exist during the term of this Agreement or after its termination or expiration.

3. **Competitive Restrictions.** During the time that you are associated with us, as an employee or independent contractor (if this Agreement is terminated or expires for any reason), unless we and the Franchisor otherwise permit in writing and except on our behalf, neither you nor any of your owners (if any) will:

(a) have any direct or indirect interest (*e.g.*, through a spouse or child) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, member, manager, representative or agent or in any other capacity in any Competitive Business operating:

(i) at the site or within the Target Marketing Area of the 1 Percent Lists® Business;

(ii) within 25 mile radius from the site or the 1 Percent Lists® Business' Target Marketing Area; or

(iii) within 25 miles of any other 1 Percent Lists® Business or its, or your, Target Marketing Area in operation or under construction on the later of the effective date of the termination or expiration of your employment or the date on which you comply with such restrictions (see Section 5 below).

(b) recruit or hire any employee of ours, of the Franchisor, of our or its affiliates, or of any of the Franchisor's franchisees or licensees; and

(c) on behalf of yourself or any other person, or in any capacity associated with any other person or entity, solicit, divert, take away, or interfere with any of the business, customers, referral sources, clients, vendors, suppliers, franchisees or contractors of ours or the Franchisor, our

or its affiliates or any of its franchisees or as such may exist during the term of this Agreement or thereafter.

4. **Competitive Business.** The term “**Competitive Business**” as used in this Agreement means any business (other than a 1 Percent Lists® Business operated under a franchise agreement with us) or facility owning, operating or managing, or granting franchises or licenses to others to do so, any clinic or other business or facility that offers real estate broker listing or sales products and services, or any other products or services that are the same or similar to the Products and Services offered by 1 Percent Lists® Businesses.

5. **Severability and Substitution.** You acknowledge and agree that these competitive restrictions will not unreasonably deprive you of your ability to earn a living or engage other business activities. You and we agree that: (a) the time period, geographic area, and scope of the competitive restrictions contained in this Agreement are reasonably necessary to protect our localized efforts and the Franchisor’s efforts to develop 1 Percent Lists® Businesses throughout the United States; and (b) to the extent that any portion of this Agreement is deemed unenforceable by virtue of its scope, area, activity, or duration, but may be made enforceable by modifying any or all thereof; this Agreement will be enforced to the fullest extent permissible under the laws or public policies of the jurisdiction in which enforcement is sought, and such modified provision will be enforced to the fullest extent.

6. **Extension of Time Period.** The time period during which you are to refrain from any of the activities listed in this Agreement will be automatically extended by any length of time during which you or any of your affiliates, successors or assigns are in breach of any provision of this Agreement. This Agreement will continue through the duration of the extended time periods.

7. **Suspension of Compensation.** We will not be required to pay any other compensation to you during any period of time in which you are in breach of this Agreement. Upon such breach, you forfeit payment of such amounts without limitation on any other remedies available to us for redress.

8. **No Defense or Setoff.** You must not assert, by way of defense or setoff, any alleged breach or damage caused by you if we must enforce this Agreement against you.

9. **Injunctive Relief.** You and we agree that the breach of this Agreement will result in irreparable harm to us and/or the Franchisor, and that no monetary award can fully compensate us and/or the Franchisor if you violate it. Thus, if you breach this Agreement, you agree that we will be entitled to an injunction restraining you from any further breach. Such injunctive relief may be obtained without bond, but upon due notice, in addition to such other and further remedies or relief as may be available to us or the Franchisor at equity or law.

10. **Relationship.** This Agreement governs only certain aspects of your relationship with us. The terms and conditions of your employment or provision of services for us remain the same as they have been prior to the date of this Agreement, or as established afterwards. By entering into this Agreement, neither you nor we are committing to employ or engage the other, or to work for the other for any period of time or under any new or different terms and conditions. If you are an employee, this Agreement does not change your status as “at will.”

11. **Miscellaneous**

(a) **Complete Agreement:** This Agreement contains the complete agreement between the parties concerning this subject matter. This Agreement supersedes any prior or contemporaneous agreement, representation or understanding, oral or written, between them related to the matters addressed in this Agreement. The continued relationship between the parties

described in this Agreement constitutes full and sufficient consideration for the binding commitment of the parties to this Agreement.

(b) **Waiver and Amendment:** A waiver or amendment of this Agreement, or any provision of it, will be valid and effective only if it is in writing and signed by all parties or the party waiving such provision. No waiver of any term of this Agreement will operate as a waiver of any other term of this Agreement or of that same term at any other time.

(c) **Rights Cumulative:** No right or remedy available to any party is exclusive of any other remedy. Each and every remedy will be cumulative to any other remedy given under this Agreement, or otherwise legally existing upon the occurrence of a breach of this Agreement.

(d) **Our and Franchisor's Access to Communications:** You agree that we and Franchisor may access, view and copy and that you have no right to prevent us or Franchisor from accessing, viewing or copying any and all e-mails, voice mails, text messages, voice mails or any other form of communication you send, store or receive via any computer, text, blackberry, SIMS, phone, internet telephony, or similar technology or device that we or Franchisor provide, or authorize you to use, or which you use to transmit, store, receive or send any communication which relates to the Business, us, Franchisor, or your breach of your obligations to us or Franchisor. In connection with such communications, you acknowledge and agree that you have no right of privacy whatsoever. Upon request, you must provide us and Franchisor any passwords or information, or consents needed to access that information.

12. **Certain Definitions.** As used throughout this Agreement, the following terms have the following meanings:

(a) The term "**person**" means any corporation, professional corporation or association, partnership (limited or general), joint venture, trust, association or other entity or enterprise or any natural person.

(b) The term "**affiliate**" means, with respect to any person, any other person that directly, indirectly, or through one or more intermediaries, controls, is controlled by or is under common control with, such person, and includes any subsidiaries or other entities that are beneficially owned by such person or its affiliates.

(c) The term "**attorney's fees**" means any and all charges levied by an attorney for his services, including time charges, expenses and other reasonable fees including paralegal fees and legal assistant fees, and includes fees earned in settlement, at trial, on appeal or in bankruptcy proceedings.

13. **Attorneys' Fees:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Agreement, the prevailing party will be entitled to full reimbursement of its litigation expenses from the other party. Litigation expenses include attorneys' fees, costs, expert witness fees and other related expenses including paralegal fees, travel and lodging expenses and court and arbitration filing costs. Reimbursement is due within 30 days of written notice after determination.

14. **Governing Law.** This Agreement is governed by the laws of the state where the Business is located.

15. **Third Party Beneficiary.** You and we agree that 1 PERCENT LISTS FRANCHISES, LLC, and its affiliated companies, is an intended third party beneficiary of our rights under this Agreement and has, by the execution of this Agreement by you and us, the right to take any and all legal action and file suit to enforce our and their rights under this Agreement. As a third party beneficiary, 1 PERCENT LISTS FRANCHISES, LLC, and its affiliated companies, may take any legal action as if it were us. You waive any and all defenses or objections to 1 PERCENT LISTS FRANCHISES, LLC, and its affiliated companies, enforcing our rights under this Agreement.

Except to the extent this agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) or other federal law, should 1 PERCENT LISTS FRANCHISES, LLC, and/or its affiliated companies, be required to enforce the provisions of this Agreement, or suffer damages by breach of this Agreement, resulting in litigation or otherwise, you and we consent and irrevocably submit to the jurisdiction and venue of any state or federal court of competent jurisdiction located in or for Madisonville, Louisiana, and you waive any objection to the jurisdiction and venue of such courts.

16. **Survival.** The provisions of this Agreement survive any termination of the Franchise Agreement or the relationship between you and us.

17. **Background Information.** The above-written background information is true and correct and is incorporated into this Agreement. This Agreement will be interpreted with reference to the background information.

Intending to be bound, the parties sign below:

FRANCHISEE

By: _____
Name: _____
Title: _____
Date: _____

YOU

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT H TO THE DISCLOSURE DOCUMENT

**FORM OF
ELECTRONIC FUNDS TRANSFER/AUTOMATIC TRANSFER AGREEMENT**

ELECTRONIC FUNDS TRANSFER/AUTOMATIC TRANSFER AGREEMENT

THIS ELECTRONIC FUNDS TRANSFER/AUTOMATIC TRANSFER AGREEMENT (the “**ACH Agreement**”) is effective as of _____ (the “**Agreement Date**”) between **1 PERCENT LISTS FRANCHISES, LLC**, a Louisiana limited liability company, with its principal business address at 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433 (referred to in this Agreement as “**we,**” “**us**” or “**our**”), and _____, whose principal business address is _____ (referred to in this ACH Agreement as “**you,**” “**your**” or “**Franchisee**”).

1. Precedence and Defined Terms. You have signed, or are simultaneously signing with this ACH Agreement, a Franchise Agreement with us for a 1 Percent Lists franchise business (the “**Franchise Agreement**”). Under the Franchise Agreement, 1 Percent Lists IP is also entitled to certain payments. This ACH Agreement is an integral part of, and is incorporated into, the Franchise Agreement. Nevertheless, this ACH Agreement supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this ACH Agreement have the meanings as defined in the Franchise Agreement.

2. You authorize 1 PERCENT LISTS FRANCHISES, LLC and/or 1 Percent Lists IP to initiate automatic transfer entries from your account to our account in the amount of the Royalty Fee and/or License Fee, and any other fees due us per the Franchise Agreement beginning on the first day of the calendar month in which the opening date occurs (The opening date is the date we approve your business to open and begin accepting clients), and continuing on the same day of each month thereafter.

3. Your Account:
Bank Name: _____
Bank Address: _____

Type of Account: _____
Bank Routing/Transit Number: _____
Account Number: _____

4. You authorize and empower us as your agent with the authority to sign and file on your behalf, and on behalf of your business, all authorizations, instruments, agreements and other documents that the Bank, or any other bank or financial institution that you use, may require to initiate and/or continue the automatic transfer entries necessary. Your appointment of us as attorney-in-fact for you and the power of attorney granted in this ACH Agreement is irrevocable for the term of the Franchise Agreement.

5. This ACH Agreement and the Bank’s authority to make periodic automatic transfer entries remains in full force and effect until the Bank has received written notification from both you and us of the termination of such authority and this ACH Agreement in such time and in such manner as to afford the Bank a reasonable opportunity to act on such notice.

6. You agree to sign any and all other documents requested by us or as may be required by any financial institution to provide for the automatic withdrawal of payments as set forth in this ACH Agreement.

Intending to be bound, you and we sign and deliver this ACH Agreement in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature. This ACH Agreement is not binding on the parties until it has been fully signed and delivered by both parties.

1 PERCENT LISTS FRANCHISES, LLC

A Louisiana Limited Liability Company

By: _____
Name: _____
Title: _____
Date: _____

1 PERCENT LISTS IP, LLC

A Louisiana Limited Liability Company

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT I TO THE DISCLOSURE DOCUMENT

**LIST OF FRANCHISEES
AS OF DECEMBER 31, 2024**

I. 1 PERCENT LISTS® FRANCHISES AS OF DECEMBER 31, 2024:

| Franchisee | Address of Business | Contact Name | Telephone Numbers |
|---|---|---------------------------------|--------------------------|
| TM Legacy AL, LLC | 10052 Hwy 119, Suite B Alabaster, AL 35007 | Matt Davis Trey Miley | 205-484-9496 |
| Clayton LaMulle Roig Investments, LLC | 11 N. Water St., Suite 10290 Mobile, AL 36602 | Stacia LaMulle | 251-300-9026 |
| 1% Lists Arkansas Real Estate, LLC | 2708 East Central Avenue Bentonville, AR 72712 | Kim Wilchowski | 479-445-9389 |
| Venture Investments, LLC | 9704 Heather Drive Castle Rock, CO 80108 | Jane Pearson Kyle Pearson | 720-951-4818 |
| Ridgestone Realty, LLC | 12905 Sunhill Circle Hudson, FL 34667 | Mike DelGrante | 727-967-9779 |
| 4 th Realty, LLC | 107 17 th Avenue S., Unit A Jacksonville Beach, FL 32250 | David Corbitt | 904-472-4753 |
| LaMulle Roig, LLC | 4507 Furling Lane, Suite 311 Destin, FL 32541 | Stacia LaMulle Chad Roig | 850-376-3865 |
| Cinquemano Real Estate, LLC | 6911 Pistol Range Rd. Suite 117 Tampa, FL 33625 | Michael Cinquemano | 813-388-1576 |
| Ale Sky High, LLC | 14121 Cambridge Drive, Unit 202 Ft. Myers, FL 33912 | Eric Potts Andy Potts | 239-900-6960 |
| Karen Nierenberg Brokerage, LLC | 250 S. Marco Way Satellite Beach, FL 32937 | Karen Nierenberg | 321-243-2443 |
| Sampson Property Solutions, LLC | 550 Hickman Road Augusta, GA 30904 | Noah Utne | 706-260-9911 |
| Davenport Klein Commercial Real Estate, LLC | 374 Willow Glenn Drive Marietta, GA 30068 | Scott Davenport | 404-905-1111 |
| H.O.M.E. by C & C, LLC | 5 Granada Ct. Newnan, GA 30263 | Kimberly Hollins | 404-561-9399 |
| Duende Partners, LLC | 1113 Moreland Dr. SE Atlanta, GA 30315 | Will Fassinger | 678-871-9455 |
| Chris Phillips Realty, LLC | 255 Hunter Rd. Cataula, GA 31804 | Chris Phillips | 706-536-0244 |
| Purple Door IN.KY, LLC | 3104 Julian Drive New Albany, IN 47150 | Michelle Gammons | 985-807-0001 |
| Dream Street Realty, PLLC | 16828 Alpine Court Clive, IA 50325 | Ben Bjorholm Jordan Bjorholm | 515-250-1911 |
| Drew Wyant Realty, LLC | 3183 National Rd. Columbus, IN 47203 | Drew Wyant | 812-764-0170 |
| LLB RE Company, LLC | 6002 Kingsley Drive Indianapolis, IN 46220 | Landon Bueschling | 260-573-6316 |

| | | | |
|----------------------------------|--|-----------------------------------|--------------|
| Purple Door Flat Fee Realty, LLC | 9850 Von Allmen Ct. Suite 201 Louisville, KY 40241 | Shaun Wallace | 502-208-5820 |
| Olive Branch Properties, LLC | 115 Luke's Hollow Lane Lafayette, LA 70508 | Shannon LeBlanc Joseph LeBlanc | 337-522-0682 |
| CM Real Estate LLC | 6421 Perkins Rd., Bldg C Suite B Baton Rouge, LA 70808 | Cody Currier Scott McLaughlin | 225-771-9267 |

| | | | |
|--|--|-----------------------------------|------------------------------|
| CMAB, LLC | 1036 Melody Drive Metairie, LA 70002 | Scott McLaughlin Cody Currier | 985-517-8555 |
| United Realty, LLC | 302 Victoria Court Thibodaux, LA 70301 | Courtney Lirette Seth Dufrene | 985-227-9523 |
| Team Maison, LLC | 596 Blue Heron Lane Madisonville, LA 70447 | Stacia LaMulle | 985-789-6095 |
| The LeBoeuf Baradell Brokerage LLC | 1322 Corporate Square Blvd Slidell, LA 70458 | Cody LeBoeuf Michael Baradell | 985-259-6811 |
| Miley & Davis | 1007 E. Judge Perez Chalmette, LA 70043 | Trey Miley Matt Davis | 504-499-0047 |
| Callahan Province Investments, LLC | 74171 Peg Keller Rd. Abita Springs, LA 70420 | Ashley Callahan Laura Province | 985-705-5160 |
| NWLA Assets, LLC | 333 Fletcher Dr. Bossier City, LA 71112 | Chris Smith Hunter Timms | 318-840-1504 |
| The LeBoeuf Baradell Brokerage, LLC | 770 Water Street Biloxi, MS 39530 | Cody LeBoeuf Michael Baradell | 601-336-2481 |
| Miley & Davis | 1094 S. King Road Purvis, MS 39475 | Trey Miley Matt Davis | 504-499-0047 |
| One Percent Lists Central Mississippi, LLC | 710 Woodgate Drive Madison, MS 39110 | Seth Little | 601-954-9093 |
| Kirk Alan Friesen | 1001 Linden St. Webb City, MO 64870 | Kirk Alan Friesen | 417-793-4654 |
| Buy & Sell Realty, LLC | 6142 S. Parkhaven Lane Springfield, MO 65810 | Brett Reinhart | 417-894-0667 |
| PAX Realty, LLC | 9518 Lake Lotawana Drive Lake Lotawana, MO 64086 | Linda and John England | 816-986-9871 |
| Almost Heaven Real Estate, LLC | 130 Shoreline Loop Mooresville, NC 28117 | Angela "Angel" Smith | 704-492-4106 |
| Al Marsico | 100 Allegheny Dr., Suite 105E Warrendale, PA 15086 | Al Marsico | 412-689-4075 |
| Metropolitan Pittsburgh Realty, LLC | 517 East Main Street Carnegie, PA 15106 | Susan Deely Thomas J. Deely | 412-561-9182 412-965-2320 |
| Absobeautly, LLC | 2575 Whitley Road Fort Hill, SC 29708 | Lisa Edwards | 803-431-0768 |
| Sampson Property Solutions, LLC | 920 Stanton Drive North Augusta, SC 29841 | Noah Utne | 706-260-9911 |

| | | | |
|------------------------------------|---|-----------------------------------|------------------------------|
| Legendary Capital Solutions, LLC | (South Dakota) 21897 S. Diamond Lake Rd., Suite 400-315 Rogers, MN 55374 | Scott A. Kranz | 605-413-1871 |
| 901 Realty Plus, LLC | 7989 Goringwood Lane Germantown, TN 38138 | Jim Jones | 901-554-4376 |
| Allison Schwarz Kendall Schwarz | 18265 FM 1957 San Antonio, TX 78253 | Alison Schwarz Kendall Schwarz | 210-867-5909 |
| Scorpio Investments, LLC | 5802 S 900 E #5 Murray, UT 84121 | David A. Brunet-Vera | 801-636-3028 |
| 1 NOT 6 LLC | 23139 Cool Water Dr. Ruther Glen, VA 22546 | Sherry Daminski | 540-720-6964 |
| The Alpha Team Real Estate, LLC | 6817 27 th St. W, Unit 64731 Tacoma, WA 98466 | Chad Nolan | 253-459-0235 |
| Sell Smart, LLC | 1400 112 th Ave SE, Suite 100 Bellevue, WA 98004 | Ron Harmon Jeff Dickinson | 425-270-5000 206-250-9100 |

EXHIBIT J TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISE BUSINESSES WHO HAVE LEFT THE SYSTEM

The following is a list of our Franchisees, whose Franchise Agreements have either been terminated, canceled, not renewed or who otherwise have left the system during the 12-month period ending December 31, 2024 or who have not communicated with us within 10 weeks of the date of this Disclosure Document:

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

| Former Franchisee | Former Location | Last Known Telephone Number |
|---|--|------------------------------------|
| The Bruti Group, LLC | 33711 Thousand Oaks Blvd. Magnolia, TX 77354 | 281-658-0240 |
| Brower & Company Realty, Inc. | 100 Parnell St., Suite D Merritt Island, FL 32953 | 321-258-2225 |
| Fleur de lis Properties, Inc. (Terminated 4/14/2025) | 2320 Ferrey Drive Tustin, CA 92782 | 714-206-1479 |
| Jeremy Brister Real Estate, LLC (Terminated 4/15/2025) | 102 Archie Dr. Colfax, LA 71417 | 318-451-8317 |

EXHIBIT K TO THE DISCLOSURE DOCUMENT

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1 Percent Lists Operations Manual
Total 83 Pages

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EXHIBIT L TO THE DISCLOSURE DOCUMENT

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

| STATE | AGENCY | PROCESS, IF DIFFERENT |
|-------------|--|---|
| California | Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 or (866) 275-2677 | Commissioner of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 |
| Connecticut | Banking Commissioner, Dept of Banking Securities and Business Investment Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8227 | |
| Hawaii | Business Registration Division Securities Compliance Department of Commerce and Consumer Affairs 335 Merchant Street Honolulu, HI 96813 (808) 586-2722 | Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 |
| Illinois | Franchise Division office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465 | Illinois Attorney General 500 South Second Street Springfield, Illinois 61706 |
| Indiana | Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681 | Indiana Secretary of State 200 W. Washington Street, Rm 201 Indianapolis, Indiana 46204 |
| Louisiana | | Kelly Clayton, Registered Agent 123 Terra Bella Blvd., Suite 2C Covington, Louisiana 70433 |
| Maryland | Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360 | Maryland Securities Commissioner Office of the Attorney General 200 St. Paul Place Baltimore Maryland 21202-2020 |
| Michigan | Consumer Protection Division Franchise Section Michigan Department of Attorney General G. Mennen Williams Building 1 st Floor 525 West. Ottawa Lansing, Michigan 48913 (517) 373-1837 | Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 |

| STATE | AGENCY | SERVICE OF PROCESS |
|--------------|---|---|
| Minnesota | Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600 | Commissioner of Commerce Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 |
| New York | New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8222 | Secretary of State 99 Washington Avenue Albany, New York 12231 |
| North Dakota | North Dakota Securities Department 600 East Boulevard Avenue Fifth FL, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 | North Dakota Securities Commissioner Office of Securities Commissioner 600 East Boulevard Avenue, Fifth Floor Bismarck, North Dakota 58505 |
| Rhode Island | Division of Securities 1511 Pontiac Avenue John O. Pastore Complex-Building 69-1 Cranston, RI 02920 (401) 462-9585 | Director of Business Regulation Division of Banking and Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 |
| South Dakota | Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501 (605) 773-4823 | Director, Division of Securities 445 East Capital Avenue Pierre, South Dakota 57501 |
| Virginia | State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051 | Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219 |
| Washington | State of Washington Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760 | Director Washington Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 |
| Wisconsin | Department of Financial Institutions Division of Securities, 4 th Floor 345 W. Washington Avenue Madison, Wisconsin 53703 (608) 266-0448 | Wisconsin Securities Commissioner 101 East Wilson Street Madison, Wisconsin 53701 |

EXHIBIT M TO THE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES PAGE

LIST OF STATE SPECIFIC EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

- California – [August 6, 2025](#)
- Hawaii -
- Illinois – [June 14, 2025](#)
- Indiana – [June 24, 2025](#)
- Maryland – [July 18, 2025](#)
- Michigan – February 24, 2025
- Minnesota – [June 20, 2025](#)
- New York – [Pending](#)
- North Dakota – [June 2, 2025](#)
- Rhode Island – [September 7, 2025](#)
- South Dakota – [June 10, 2025](#)
- Utah – March 20, 2025
- Virginia – [August 6, 2025](#)
- Washington – [September 8, 2025](#)
- Wisconsin – [May 29, 2025](#)

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT N TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If 1 PERCENT LISTS FRANCHISES, LLC offers you a franchise, it must provide this disclosure document to you fourteen days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Under Illinois, Maine, Nebraska, New York, Oklahoma, Rhode Island or South Dakota law, if applicable, 1 PERCENT LISTS FRANCHISES, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. New York Law requires the Franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise agreement or other agreement or the payment of any consideration that relates to the franchise relationship.

If 1 PERCENT LISTS FRANCHISES, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and in the state agency listed on Exhibit "NL".

The individuals below act as our franchise sellers on this franchise sale:

1 PERCENT LISTS FRANCHISES, LLC
123 Terra Bella Blvd, Suite 2C, Covington, LA 70433
(985) 807-0001
Grant Clayton, ~~or Kelly Clayton, or Dustin Roth~~

This disclosure document and the offer of the sale of a 1 Percent Lists business is being provided by 1 Percent Lists Franchises, LLC, 123 Terra Bella Blvd, Suite 2C, Covington, LA 70433; (985) 807-0001. Our registered agent for service of process in Louisiana is Kelly Clayton, 1 Percent Lists Franchises, LLC, 123 Terra Bella Blvd., Suite 2C, Covington, LA 70433.

1 PERCENT LISTS FRANCHISES, LLC authorizes the respective state agencies identified on Exhibit "ML" to receive service of process for it in the particular state.

I have received a disclosure document dated May 19, 2025, as amended on September 10, 2025, that included the following Exhibits:

Exhibit A Financial Statements

Exhibit B Form of Franchise Agreement and Related Materials (Exhibits)

Exhibit C Form of Owners' Statement

Exhibit D Form of Owners' Guaranty

Exhibit E Forms of General Release – Renewal or Assignment

Exhibit F Form of State Specific Addenda and Exhibits

Exhibit G Form of Confidentiality, Non-Solicitation and Non-Competition Agreement

Exhibit H Form of Electronic Funds Transfer Agreement

Exhibit I List of Franchisees

Exhibit J List of Franchisees Who Have Left the System

Exhibit K Table of Contents of Operating Manual

Exhibit L List of State Agencies/Agents for Service of Process

Exhibit M State Effective Dates Page

Exhibit N Receipts

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~~Exhibit N Receipts~~

ISSUANCE DATE: May 19, 2025, as amended on September 10, 2025

PROSPECTIVE FRANCHISEE:

If a Business Entity:

NAME OF ENTITY
By (Signature): _____
Name Printed: _____

Date FDD Received: _____

If an Individual:

Signature: _____
Name Printed: _____

Date FDD Received: _____

[Our Copy – to be returned to 1 Percent Lists Franchises, LLC]

RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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If 1 PERCENT LISTS FRANCHISES, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and in the state agency listed on Exhibit "NL".

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123 Terra Bella Blvd, Suite 2C, Covington, LA 70433
(985) 807-0001
Grant Clayton, ~~or~~ Kelly Clayton, ~~or~~ Dustin Roth

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ISSUANCE DATE: May 19, 2025, as amended on September 10, 2025

PROSPECTIVE FRANCHISEE:

If a Business Entity:

NAME OF ENTITY

By (Signature): _____
Name Printed: _____

Date FDD Received: _____

If an Individual:

Signature: _____

Name Printed: _____

Date FDD Received: _____

KEEP THIS COPY FOR YOUR RECORDS.

This disclosure document is also available in pdf format and can be requested on our website: www.1PercentLists.com