

FRANCHISE DISCLOSURE DOCUMENT



Red Barn Homebuyers, LLC
A Georgia limited liability company
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Woodstock, Georgia 30188
Phone: (678) 707-8114

Email: Kevin@redbarnhomebuyers.com
Website: www.redbarnhomebuyers.com

Red Barn Homebuyers, LLC offers franchises for the operation of a real estate investment business consisting of (a) purchasing, renovating and selling real properties (traditional “house flipping”) and/or (b) wholesaling real properties.

The total investment necessary to begin operation of a Red Barn franchise is \$59,465 to \$407,820. This includes \$38,260 to \$40,520 that must be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or 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 Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 105 Towne Lake Parkway, Woodstock, Georgia 30188 or by phone at (678) 707-8114.

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

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

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

Issuance Date: April 21, 2025

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or EXHIBIT "D".
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or EXHIBIT "E" 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 Red Barn business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Red Barn franchisee?	Item 20 or EXHIBIT "D" 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 "A".

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Georgia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Georgia 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. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Minimum Mandatory Payments.** You must make minimum lead generation fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
6. **Spousal Liability.** Your spouse may be asked to sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

MICHIGAN

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in

the manner provided in subdivision (c).

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

TABLE OF CONTENTS

ITEM 1	FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2	BUSINESS EXPERIENCE.....	4
ITEM 3	LITIGATION.....	5
ITEM 4	BANKRUPTCY.....	5
ITEM 5	INITIAL FEES.....	5
ITEM 6	OTHER FEES.....	6
ITEM 7	ESTIMATED INITIAL INVESTMENT	10
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	12
ITEM 9	FRANCHISEE'S OBLIGATIONS.....	15
ITEM 10	FINANCING.....	16
ITEM 11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.....	18
ITEM 12	TERRITORY	25
ITEM 13	TRADEMARKS	27
ITEM 14	PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....	28
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	29
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	30
ITEM 17	RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION.....	30
ITEM 18	PUBLIC FIGURES.....	32
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS	32
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	33
ITEM 21	FINANCIAL STATEMENTS	37
ITEM 22	CONTRACTS.....	37
ITEM 23	RECEIPT	37
EXHIBIT "A"	LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS	
EXHIBIT "B"	FRANCHISORS AGENT FOR SERVICE OF PROCESS	
EXHIBIT "C"	FRANCHISE AGREEMENT	
EXHIBIT "D"	LIST OF FRANCHISEES	
EXHIBIT "E"	FINANCIAL STATEMENTS FOR RED BARN HOMEBUYERS, LLC	
EXHIBIT "F"	OTHER AGREEMENTS	
EXHIBIT "G"-1	STATE ADDENDA	
EXHIBIT "G"-2	GENERAL RELEASE	
EXHIBIT "G"-3	PROMISSORY NOTE	
EXHIBIT "G"-4	CREDIT AGREEMENT	
EXHIBIT "G"-5	CODE OF ETHICS	
EXHIBIT "H"	STATE EFFECTIVE DATES	
EXHIBIT "I"	RECEIPTS	

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us” and “the Company” mean Red Barn Homebuyers, LLC - the franchisor. “You” means the person who buys a Red Barn franchise - the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company.

For purposes of this Disclosure Document, a “Red Barn Business” or “RB Business” refers to the real estate investment business offered under this Disclosure Document, including businesses operated by us, our affiliate, you or other franchisees.

Corporate Information

Red Barn Homebuyers, LLC is a Georgia limited liability company that was organized on August 8, 2021. Our principal business address is 105 Towne Lake Parkway, Woodstock, Georgia 30188. Our telephone number is (678) 707-8114. Our agent for service of process is disclosed in EXHIBIT "B" to this Disclosure Document. We do not do business under any names other than “Red Barn Homebuyers, LLC”.

Business History

In 2005, our founder, Ken Corsini, began operating Georgia Residential Partners, LLC, a real estate investment business in Georgia that is similar to an RB Business. We began offering Red Barn franchises in April 2022. We are not engaged in any business other than offering RB Business franchises and administering the franchise system. We have never offered franchises in any other line of business. We have never directly owned and operated an RB Business.

Predecessors, Parents and Affiliates

We do not have any predecessors or parent companies.

Our affiliate, Red Barn Realty Group LLC (“RB Realty”) is Georgia limited liability company that was organized on July 6, 2021. RB Realty shares our principal business address. RB Realty is a licensed real estate company involved with the sale of properties listed by you or third-party realtors to whom you refer property owners. RB Realty has never operated an RB Business.

Our affiliate, Red Capital LLC (“Red Capital”), is a financial services company that offers loan brokering services to franchisees seeking financing for the acquisition and/or renovation of properties. The financing terms are discussed in Item 10 of this Disclosure Document. Red Capital’s principal business address is 12460 Crabapple Rd., Suite 202-377, Alpharetta, Georgia 30004. Red Capital has never operated an RB Business.

Our affiliate, Rock Springs Enterprises Inc. (“RS Enterprises”), offers financing for up to 85% of the Initial Fees (described in Item 5 of this Disclosure Document) you must pay us. The financing terms are discussed in Item 10 of this Disclosure Document. RS Enterprises’ principal business address is 12460 Crabapple Rd., Suite 202-377, Alpharetta, Georgia 30004. RS Enterprises has never operated an RB Business.

Except for RB Realty, Red Capital and RS Enterprises, we do not have any affiliates that provide goods or services to our franchisees.

Our affiliate Family Nest Franchise, LLC (“FNF”) has offered franchises for a business that provides comprehensive move-management and related services under the FAMILY NEST™ name (a “Family Nest Business”) since May 2025. As of the issuance date of this Disclosure Document, FNF has not sold any franchises. FNF shares our principal business address. FNF has never owned or operated an RB Business. We do not have any other affiliates that offer (or have ever offered) franchises in this or any other line of business.

Description of Franchised Business

The Red Barn Business offered under this Disclosure Document is a home-based real estate investment business that involves House Flipping Transactions, Wholesaling Transactions and/or Listing Transactions. We partnered with an unaffiliated marketing company that developed and administers a marketing and lead generation program (the “Lead Generation Program”) to identify distressed “off the market” properties that may be suitable

for House Flipping Transactions or Wholesaling Transactions. Our designated marketing company may refer these opportunities to you. The three categories of real estate investment activities are described below:

- (1) House Flipping Transactions – “House flipping” is a commonly used phrase to describe a real estate investment activity that occurs when you: (a) purchase a property (typically a distressed residential property that can be purchased for less than market value); (b) complete various renovations and home improvements to increase the marketability and value of the property; and (c) attempt to sell the property for a profit. This type of transaction is referred to as a “House Flipping Transaction”. Despite the name, these transactions may involve either residential or commercial property, although we anticipate franchisees will focus substantially all of their efforts on residential properties.
- (2) Wholesaling Transactions – In a “wholesaling” transaction, you enter into a purchase contract with a property owner for a below-market purchase price (typically a distressed property). You have a certain amount of time to “sell” your interest in the purchase contract to a third-party buyer (usually an investor) for a total sales price higher than the purchase price listed in the purchase contract. Upon sale, you keep the “spread” as your profit (referred to as the “Wholesale Profit”). More specifically, the Wholesale Profit is the difference between: (a) the purchase price listed in the purchase contract that is paid to the property owner upon sale of the property; and (b) the sales price paid by the buyer to you in exchange for your interest in the purchase contract. The terms of the purchase contract will dictate the consequences if you are unable to sell your interest in the purchase contract within the stipulated time period. In most cases, you will either have an opportunity to cancel the contract without penalty if done prior to the expiration of a due diligence period, or you may be required to forfeit “earnest money” to the property owner. A wholesaling transaction also includes a situation where you purchase a property and resell it within 5 days after the date of purchase. In this situation, the “Wholesale Profit” would be the difference between the price at which you purchase the property and the price at which you sell the property. The 3rd type of wholesaling transaction is a “novation”, which occurs when you enter into a contract with a property owner that: (a) requires you to complete certain upgrades or improvements to the property prior to listing with MLS; (b) provides the owner with the proceeds from the sale up to a stipulated price; and (c) provides you with the balance of any sales proceeds in excess of the stipulated price. The transactions described in this section are referred to as “Wholesaling Transactions”.
- (3) Listing Transactions – If you evaluate a property we refer to you or that you identify using our System and decide it is not suitable for a House Flipping Transaction or Wholesaling Transaction (or you are unsuccessful in your efforts to complete a Wholesaling Transaction), you may (if you are a licensed real estate agent) refer the property owner to another licensed real estate agent to list the property for sale to the public and receive a referral commission. You may not list the property yourself. If the property is sold, you pay our affiliate, RB Realty, the Listing Royalty Fee described in Item 6. If you are not a licensed real estate agent, you may return the lead to us and we will remit the lead to RB Realty. If RB Realty lists the property (either directly or indirectly through a licensed agent in your state) and the property sells, you will receive a credit against future royalty fees in an amount calculated as the full commission generated from the transaction less (a) the commission due to the seller’s agent and (b) 10% of the total listing-side commission generated from the transaction, which is paid to RB Realty. The credit reflects our “repurchase” of the lead to enable RB Realty to list the property. Any credits you earn will accrue on a quarterly basis (you will receive a report each quarter listing the total credits earned). RB Realty has no obligation to refer a lead unless the seller’s agent agrees to pay RB Realty a referral fee equal to or greater than 10% of the total listing-side commission generated from the transaction. The transactions described in this section are referred to as “Listing Transactions”.

You may engage in other types of real estate investment activities with our prior written approval, including acquiring off-market properties as long- or short-term rentals. You are prohibited from offering, providing or selling to third parties any tax, financial planning or investment advice. All real estate investment activities must be done in your name and for your benefit. You may not offer real estate-related securities or tax shelter programs (for example, offering to third parties interests in a real estate investment trust or participation rights in a syndicated conservation easement transaction). “Real estate-related securities” means interests, debt or equity in publicly traded real estate (property) operating companies, such as real estate investment trusts (REITs), real

estate operating companies (REOCs) and residential and commercial mortgage-backed securities (RMBS and CMBS). The transactions and business activities you conduct are not real estate-related securities.

We grant you a license to use certain logos and certification marks we authorize from time to time, including the logo shown on the cover page of this Disclosure Document (collectively, the “Marks”). While we grant you a license to use our Marks, you must hold yourself out to the public under a fictitious name that does not include our Marks (or any words confusingly similar to our Marks). We also strongly discourage you from using our Marks when interacting with property owners, prospective property purchasers or investors. Due to the name recognition associated with our house flipping series on HGTV, we have found that it is more difficult to conduct profitable transactions when the other parties recognize the brand (presumably, they believe we have “deep pockets” and can pay more than what otherwise might be charged, making it more difficult to negotiate favorable terms). For this reason, we require that each RB Business hold themselves out to the public under a tradename that does not include our Marks. You will instead use our Mark as a “certification mark” to evidence the fact you successfully completed our training programs and meet our certification standards for use of our System. For example, you may use our Mark as a “certification mark” to refer to your affiliation with the franchise system and certification as meeting our training and other eligibility criteria when dealing with suppliers who offer discounts to franchisees affiliated with the franchise system.

You will operate your RB Business using the system developed by our founders (the “System”). Distinctive characteristics of the System include:

- proprietary marketing and lead generation programs and strategies
- proprietary property assessment and evaluation tools and know-how
- proprietary software
- methodologies and techniques
- discount purchasing programs
- personalized coaching programs
- network of real estate investment professionals
- operating system

If we award you a franchise, you will establish and operate an RB Business using our Mark, our System and the support, guidance, tools, resources and other methods and materials that we provide. The franchised business you acquire is referred to as your “RB Business” or your “Business”. You must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the “Franchise Agreement”). The operational aspects of an RB Business are contained within our confidential Web-Based Brand Standards Manual (the “Manual”). The Manual also includes our Code of Ethics, which you must follow. Our current Code of Ethics is attached to this Disclosure Document as EXHIBIT "G"-5. You must develop, open and operate your Business in accordance with the terms of the Franchise Agreement and the Manual.

Market and Competition

Your target market will include buyers and sellers of residential and commercial real properties in need of repair. However, we anticipate the substantial majority of properties will be residential. The real estate market is mature and highly competitive. Sales are generally not seasonal in nature.

As a Red Barn franchisee, you will compete with other local, regional and national real estate brokerage companies, private investors, and home buyers that intend to purchase, renovate and sell homes for a profit. Some competitors operate through a franchise model. You may also compete with us, our affiliates and other Red Barn franchisees that are authorized to operate within your territory (as discussed in Item 12, the total number of RB Businesses authorized to operate within a territory is limited according to a population-based formula).

Laws and Regulations

You must comply with federal and state licensing and regulatory requirements relating to the purchase and sale

of real property. Examples include:

- real estate brokerage laws
- credit and insurance laws
- consumer credit laws
- data privacy laws
- usury laws
- Real Estate Settlement Procedures Act and Regulation Z
- fair housing and non-discrimination
- advertising laws
- laws requiring the licensing or registration of contractors and subcontractors
- zoning laws

Depending on the types of activities you conduct, you may need to obtain a contractor's license or real estate broker's license and/or determine state usury interest limits and satisfy other laws or regulations and licensing requirements. Professional licensing laws may impose obligations such as:

- successful completion of initial and ongoing continuing education and training
- purchasing and maintaining proper insurance
- purchasing and maintaining a bond
- supervising employees and independent contractors that perform services on your behalf

The Federal Trade Commission established a "cooling off" rule that may require the seller of a home to inform the buyer of his or her right to cancel the transaction at any time before midnight of the 3rd business day after execution of the contract. Many states have similar laws or regulations. These laws and regulations may apply to your Business.

There may be other local, state and/or federal laws or regulations that apply to your Business. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Ken R. Corsini – President

Ken R. Corsini has served as our President since our inception in August 2021. During the past 5 years, he has also held the following positions:

Employer	Title	Location	Period of Time
Family Nest Franchise, LLC	President	Woodstock, GA	Apr 2025 to present
Red Barn Realty Group, LLC	Chief Executive Officer	Woodstock, GA	Dec 2022 to present
Red Capital, LLC	Chief Executive Officer	Woodstock, GA	Aug 2021 to present
Red Barn Construction, LLC	Chief Executive Officer	Woodstock, GA	Aug 2011 to present
Capstone Capital, LLC	Chief Executive Officer	Woodstock, GA	Nov 2008 to present

Dr. Kevin D. Corsini – Chief Executive Officer

Dr. Kevin D. Corsini has served as our Chief Executive Officer since our inception in August 2021. During the past 5 years, he has also held the following positions:

Employer	Title	Location	Period of Time
Family Nest Franchise, LLC	Chief Executive Officer	Woodstock, GA	Apr 2025 to present
San Diego Christian College	President	Santee, CA	Sep 2019 to present

Kendra D'Eon – Vice President

Kendra D'Eon has served as our Vice President since June 2024. During the past 5 years, she has also held the following positions:

Employer	Title	Location	Period of Time
Family Nest Franchise, LLC	Vice President	Woodstock, GA	Apr 2025 to present
Red Barn Homebuyers, LLC	General Manager	Woodstock GA	Jan 2022 to Jun 2024
Support U, LLC	Owner	Nottingham, NH	Sep 2021 to present
Beaupre Law	Client Service Coordinator	Dover, NH	Aug 2020 to Sep 2021
Victory Sports Medicine	Manager/Orthopedic Tech	Merrimack, NH	Jun 2010 to Sep 2020

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Training, Coaching and Onboarding Fees

We charge you various preopening fees (collectively, the “Initial Fees”) in exchange for training, coaching and other onboarding services we provide. Initial Fees are uniformly imposed and nonrefundable. As discussed in Item 10, RS Enterprises offers an optional financing program that allows you to finance up to 85% of the Initial Fees. Any unfinanced portion of the Initial Fees is due when you sign the Franchise Agreement. The table below includes a breakdown of the various Initial Fees and the associated services:

Service Provided	Initial Fee* (Veteran Discount)
Covers our 30-day Real Estate Investing Operational Training Program that we provide prior to opening. This intensive training program educates you on all essential aspects of the business model and equips you to conduct your own real estate investing business utilizing our System.	\$8,000 (\$7,200)
Covers our 90-day Real Estate Investing Sales Training Program that we provide after you sign the Franchise Agreement. This intensive training program educates you on all aspects specific to sales in the context of acquiring off-market properties from motivated seller leads.	\$6,000 (\$5,400)
Covers a series of pre-opening Marketing Strategy Development meetings and a 90-day Novation’s Training Program we conduct for purposes of developing and implementing a specific real estate lead acquisition strategy based on market research specific to your assigned territory and your unique goals.	\$7,500 (\$6,750)
Covers a series of pre-opening onboarding related sessions we conduct specific to business setup, vendor education and platform orientation to fully prepare you for launch.	\$2,500 (\$2,250)
Covers the pre-opening RB Central setup services and support we provide, including support with: development of email and text campaigns; creation of an assigned microsite; assignment of a unique phone number into the CRM system; and integration of your contact information into the CRM system.	\$2,500 (\$2,250)
Covers coordination of orientation meetings with vendor discount partners and facilitation of training on various partner platforms that takes place during the initial 30 days after signing of Franchise Agreement.	\$500 (\$450)
Covers periodic one-on-one coaching sessions we provide to you during the initial 30 days after signing of Franchise Agreement for purposes of: discussing your goals; implementing your strategies; assisting you with deal analysis; assisting you with utilizing RB Central and other franchise resources; answering your questions; and fully equipping you to operate your RB Business.	\$7,500 (\$6,750)

Service Provided	Initial Fee* (Veteran Discount)
Total	\$34,500 (\$31,050)

Veterans Discount*

We discount each Initial Fee by 10% if the person holding a 50% or greater ownership interest in the franchised business is an honorably discharged veteran of the U.S. armed forces and provides a DD214 certificate. The Initial Fee listed in parenthesis is the discounted fee you pay us if you qualify for the veteran discount.

Franchise Combo Discount

If you simultaneously purchase a franchise for an RB Business and a Family Nest Business, you pay us and FNF a combined \$49,500 in Initial Fees, which covers both franchised businesses. The veterans discount and franchise combo discount may be combined.

Initial Fees are nonrefundable and uniformly imposed except for the discounts noted above.

Technology Fee

You pay us a technology fee that covers any software, technology and related services we provide. Our current technology fee consists of a one-time \$500 implementation fee (paid prior to opening) and a \$260 monthly licensing fee. The monthly fee commences the 1st day of the 1st month after you sign the Franchise Agreement. We expect franchisees will pay between 1 and 2 monthly installments of the technology fee prior to opening (\$260 to \$520). Our current technology fee covers: (a) a license to use Red Barn Central (RBC), BatchLeads and Investorlift; (b) a microsite we provide for your Business; and (c) tech support for RBC. The technology fee is uniformly imposed and nonrefundable. However, the technology fee is subject to change based on increased costs we incur or changes to our required software or technology.

ITEM 6 OTHER FEES

TYPE OF FEE ¹	AMOUNT ^{2,3}	DUE DATE	REMARKS
Acquisition Royalty Fee ⁴	0.25% to 3.00% of Purchase Price (See Note 5)	Upon closing of acquisition	You pay us an Acquisition Royalty Fee for each property you acquire (excluding properties acquired and sold in Wholesaling Transactions). The fee is calculated based on the Purchase Price you pay for the property and varies depending on which royalty fee tier applies to you. See Note 5.
Wholesaling Royalty Fee ⁴	Greater of "minimum fee" or 5% to 10% of Wholesale Profit (See Note 6)	Upon closing of sale	You pay us a Wholesaling Royalty Fee for each Wholesaling Transaction. The fee is calculated based on your Wholesale Profit and varies depending on which royalty fee tier applies to you. See Note 6.
Listing Royalty Fee ⁴	10% of total listing-side real estate commission generated from the transaction (See Note 7)	Upon closing of sale	You pay a Listing Royalty Fee to RB Realty if you are a licensed real estate agent and you refer a property to another licensed real estate agent who sells it. See Note 7.
Minimum Annual Royalty Fee	\$6,000 per calendar year (prorated to \$500 per month for 1 st and last year of operation)	10 days after invoice	If the total amount of Acquisition Royalty Fees, Wholesaling Royalty Fees and Listing Royalty Fees paid to us in a calendar year is less than the minimum annual royalty fee, we can terminate your territorial protections unless you pay us the shortfall.

TYPE OF FEE ¹	AMOUNT ^{2,3}	DUE DATE	REMARKS
Lead Generation Fee	Minimum of (a) \$3,000 per month first 3 months and (b) \$1,000 per month after 3 rd month (service is optional after 3 rd month)	1 st payment due prior to opening and remaining payments due monthly after opening	Paid to our designated marketing company to implement the Lead Generation Program (see Note 8 for details). We do not require you to spend any other minimum amount of money on local marketing in your territory.
Brand Fund Fee	10% of Acquisition Royalty Fee (not currently imposed)	Same as Acquisition Royalty Fee	You contribute this amount to the Brand Fund (once formed). You have no voting rights pertaining to the administration of the Brand Fund, creation or placement of advertising or amount of the brand fund fee.
Training Fee	Up to \$500 per person per day, plus Travel Expenses for onsite training	10 days after invoice	Payable for each person who attends refresher or supplemental training, remedial training or additional training you request. You must also reimburse Travel Expenses we incur to provide onsite training or assistance.
Coaching & Support Fee	\$100 per hour, plus our Travel Expenses for onsite support	10 days after invoice	This service is optional. See Note 9 for details.
Conference Registration Fee	\$500 per person per conference	10 days after invoice	We may host conferences to discuss matters affecting franchisees. You pay the fee if you choose to attend. Attendance is optional.
Technology Fee	Currently \$260 per month for (a) BatchLeads, Investorlift and Red Barn Central (RBC) licenses (b) microsite development, hosting & maintenance (c) RBC tech support (we may increase the fee by no more than 10% per year on 30 days' notice; any unapplied increase for a given year will be carried forward and can be applied in a subsequent year)	10 days after invoice or as otherwise specified by us	Fee includes all amounts you pay us and our affiliates relating to Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers. It may also include a reasonable administrative fee to manage our technology platform and negotiate and manage our supplier relationships with third-party licensors. It does not include amounts you pay directly to third-party suppliers.
Renewal Fee	\$1,000	At time you sign renewal agreement	Imposed if you renew your franchise rights by signing a renewal Franchise Agreement.
Transfer Fee	50% of then-current standard (non-discounted) initial franchise fee	Before Transfer	We do not charge transfer fees for Permitted Transfers or Transfers of less than a 20% interest. You pay the transfer fee for all other Transfers.
Reimbursement of Insurance Costs	Amount of expenses we incur (including premiums)	10 days after invoice	Imposed if you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf.
Audit Fee	Actual cost of audit, including Travel Expenses for audit team	10 days after invoice	Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated any amount owed to us by 3% or more.
Late Fee	Default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law	10 days after invoice	If we debit your account but there are insufficient funds or your check is returned for insufficient funds, then we may charge (in addition to the late fee) an NSF fee of \$75 per incident. In California, the maximum interest rate is 10% annually.

TYPE OF FEE ¹	AMOUNT ^{2,3}	DUE DATE	REMARKS
Noncompliance Fee	Up to \$500 per incident	Upon demand	Imposed if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports) and do not cure within the time period we require. We may impose an additional \$500 fee every 48 hours the noncompliance issue remains uncured after we impose the initial fee..
Indemnification	Amount of damages, losses or expenses we incur	10 days after invoice	You must indemnify and reimburse us for all damages, losses or expenses we incur due to the operation of your Business or your breach of the Franchise Agreement.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse all attorneys' fees and costs we incur due to your breach of the Franchise Agreement or a related agreement.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except for: (a) the Listing Royalty Fee that is paid to our affiliate, RB Realty; and (b) the Lead Generation Fee that is paid to an unaffiliated marketing company. All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "C") permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than amounts paid to us through escrow at the closing of a transaction). You must deposit all revenue generated by your Business into the bank account and ensure sufficient funds are available for withdrawal before each due date. You are responsible for all taxes imposed on you or us based on products, intangible property (including trademarks) or services we provide to you.
2. Definitions: As used in this Disclosure Document, the following capitalized terms have the meanings given to them below:

"Acquisition Count" means the total number of properties purchased by you during the term of the Franchise Agreement. Any transaction that does not include you purchasing a property is not counted for purposes of determining your Acquisition Count (for example, Wholesaling Transactions do not count).

"Acquisition Volume" means the total aggregate purchase price of all properties purchased by you during the term of the Franchise Agreement. Any transaction that does not include you purchasing a property is not counted for purposes of determining your Acquisition Volume (for example, Wholesaling Transactions do not count).

"Brand Fund" means the brand and system development fund we may establish and administer to promote public recognition of our brand and improve our System. The Brand Fund has not yet been established.

"Managing Owner" means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Business.

"Permitted Transfer" means: (a) a Transfer from one owner to another owner who was an approved owner prior to the Transfer (other than a Transfer that results in the Managing Owner owning less than 10% of the franchised business); and/or (b) a Transfer to a newly established business entity with respect to which the transferring owners collectively own and control 100% of the ownership interests.

"Technology Systems" means all information and communication technology systems that we designate, including computer systems, point-of-sale system, property management systems, webcam systems, telecommunications systems, security systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Transfer” means a transfer or assignment of: (a) the Franchise Agreement; (b) your Business; or (c) any ownership interest in the entity that is the “franchisee”.

“Travel Expenses” means all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your territory; or (b) by you or your personnel to attend training programs or conferences.

3. **CPI Adjustments:** All fees (and minimum fees) expressed as a fixed dollar amount are subject to adjustment based on changes to the U.S. Consumer Price Index (CPI). We may periodically review and increase these fees based on changes to CPI, but only if the increase to CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of the Franchise Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than 1 fee adjustment during any 5-year period.
4. **Type of Royalty Fees:** We impose 3 types of royalty fees, which vary depending on the nature of the transaction. These include: (1) an Acquisition Royalty Fee (applicable to House Flipping Transactions); (2) Wholesaling Royalty Fee (applicable to Wholesaling Transactions); and (3) Listing Royalty Fee (applicable to Listing Transactions). You will only pay one royalty fee for any given transaction. You must send us periodic reports, in the format we specify, providing status updates on all of your properties and transactions. Each royalty fee is imposed on a “per transaction” basis. The escrow agent must pay the royalty fee to us or RB Realty, as applicable, by wire transfer at the time the underlying transaction closes.
5. **Acquisition Royalty Fee:** You must pay us an Acquisition Royalty Fee based on the total Purchase Price you pay for each property you acquire (other than in a Wholesaling Transaction). The “Purchase Price” means the total sales price of the property paid by you and reflected on the final settlement statement prepared by the title agency. The Acquisition Royalty Fee varies depending on the royalty fee “tier” you qualify for. You begin at the “Alpha” tier and automatically move up tiers by meeting either the “Acquisition Count” or the “Acquisition Volume” associated with the next tier. Your royalty fee for a given transaction is determined by the tier that applies to you immediately prior to completion of the transaction. The table below lists the various royalty fee tiers, the criteria to move up a tier and the applicable Acquisition Royalty Fee.

ACQUISITION ROYALTY FEE			
Tier Name	Acquisition Count*	Acquisition Volume*	Percentage Royalty Fee
Alpha	1 to 9	\$0 to \$2,000,000	3.00%
Delta	10 to 19	\$2,000,001 to \$4,000,000	2.75%
Gamma	20 to 39	\$4,000,001 to \$8,000,000	2.50%
Kappa	40 to 74	\$8,000,001 to \$15,000,000	2.00%
Lambda	75 to 99	\$15,000,000 to \$20,000,000	1.50%
Sigma	100 to 199	\$20,000,001 to \$40,000,000	1.00%
Omega	200+	\$40,000,001+	0.25%

* Any transaction that does not include you purchasing a property is not counted towards these triggers (for example, Wholesaling Transactions do not count). The Acquisition Volume tiers may be adjusted for changes in CPI in the manner described in Note 3.

6. **Wholesaling Royalty Fee:** You must pay us a Wholesaling Royalty Fee for each Wholesaling Transaction you close. The Wholesaling Royalty Fee is equal to the greater of (a) the applicable “minimum fee” or (b) the amount calculated by applying the applicable royalty fee percentage against the Wholesale Profit (as defined in Item 1 of this Disclosure Document). The Wholesaling Royalty Fee varies depending on the royalty fee “tier” you qualify for (as further discussed in Note 5 above). Your royalty fee for a given transaction is determined by the tier that applies to you immediately prior to completion of the transaction. The table below lists the various royalty fee tiers and the applicable Wholesaling Royalty Fee.

WHOLESALE ROYALTY FEE		
Tier Name	Minimum Royalty Fee	Percentage Royalty Fee
Alpha	\$500	10%
Delta	\$500	10%
Gamma	\$500	10%
Kappa	\$500	10%
Lambda	\$500	10%
Sigma	\$250	5%
Omega	\$250	5%

7. **Listing Royalty Fee:** Our affiliate will receive a Listing Royalty Fee for each Listing Transaction involving the sale of a property by a licensed real estate agent to whom you refer the property owner (you may only engage in Listing Transactions if you hold a real estate license). The Listing Royalty Fee is equal to 10% of the total listing-side real estate commission generated from the transactions. You may not list properties for sale yourself, even if you hold a real estate license, if we refer the property to you or you generate the lead within your territory during the term of your Franchise Agreement.
8. **Lead Generation Fee:** We established a relationship with an unaffiliated marketing company that developed and administers the Lead Generation Program to identify and generate leads for “off the market” properties suitable for House Flipping Transactions or Wholesaling Transactions. You pay Lead Generation Fees to the marketing company (not to us). The marketing company uses the fee to generate leads for properties in your territory that you may wish to purchase. The minimum Lead Generation Fee is: (a) \$3,000 per month for 3 months; and (b) \$1,000 per month for each subsequent month (should you choose to continue the service beyond 3 months). You may choose to pay higher Lead Generation Fees at your discretion. Participation in the Lead Generation Program is mandatory for 3 months and optional the remainder of the term. If you choose to discontinue use of the Lead Generation Program and fail to close at least 1 deal during each subsequent 12-month period, we have the option to remove your territorial protections.
9. **Coaching & Support Fee:** In exchange for certain Initial Fees listed in Item 5, we provide you with personal coaching designed to help guide you through your initial 20 closed transactions. This personal coaching does not include support with the renovation, remodeling, repair or construction of any properties you acquire. You may, however, request that we provide our guidance and recommendations with respect to the renovation, remodeling, repair or construction of properties you acquire. Our personal coaches have relevant experience and knowledge of the real estate industry, and have been involved in various real estate transactions, including those involving hard money lending, private lending, building rental portfolios, and flipping properties. We have no obligation to provide this support, but may do so at our discretion. We may charge you the coaching and support fee of \$100 per hour for: (a) any personal coaching you request for any transaction other than your first 20 transactions; and (b) any guidance or recommendations we provide relating to the renovation, remodeling, repair or construction of any property you acquire. If we agree to provide any personal coaching, guidance or other support onsite within your territory, you must also reimburse us for all costs we incur, including for travel, meals, lodging and local transportation. At this time, we do not intend to provide any onsite support, but we may do so in the future.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Fees ²	\$34,500	Lump sum	At time you sign Franchise Agreement	Us
Vehicle ³	\$0 to \$15,000	As incurred	Before opening	Suppliers
Technology Systems ⁴	\$70 to \$2,000	Lump sum	Before opening	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE ¹	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Technology Fee ⁵ (pre-opening)	\$760 to \$1,020	Lump sum	Before opening	Us
Home Office Supplies ⁶	\$100 to \$300	Lump sum	Before opening	Suppliers
Lead Generation Fees ⁷ (pre-opening)	\$3,000 to \$5,000	Lump sum	Before opening	Designated marketing company
Permits and Business License	\$35 to \$200	Lump sum	Before opening	Government agencies
Bookkeeping Software & Services ⁸	\$300 to \$1,200	As incurred	Before opening	Suppliers
Professional Fees ⁹	\$500 to \$3,000	Lump sum	Before opening	Lawyer & accountants
Insurance (3 months' premium)	\$200 to \$600	Lump sum	Before opening	Insurance companies
Property Acquisition Reserve ¹⁰	\$5,000 to \$315,000	As incurred	As incurred	Property owners
Additional Funds ¹¹ (3 months)	\$15,000 to \$30,000	As incurred	As incurred	Suppliers, employees and us
Total Estimated Initial Investment ¹²	\$59,465 to \$407,820			

Notes:

- Financing and Refunds:** As further discussed in Item 10: (a) RS Enterprises offers financing for up to 85% of the Initial Fees; and (b) Red Capital offers loan brokering services to franchisees seeking financing for the acquisition and renovation of investment properties. Neither we nor any of our affiliates offer direct or indirect financing for any other fees or purchases. None of the fees payable to us are refundable. We are unaware of any fees payable to third-party suppliers that are refundable.
- Initial Fees:** Item 5 includes a breakdown of the Initial Fees and a description of the associated services. The initial investment table assumes you choose not to finance the Initial Fees.
- Vehicle:** You must have access to a vehicle for purposes of visiting properties and meeting with buyers, sellers and contractors. We do not have any standards or specifications for your vehicle. The low estimate assumes you already own a vehicle and the high estimate includes an estimated down payment for the purchase of a new vehicle plus taxes, license and registration fees.
- Technology Systems:** This includes your initial cost to purchase and set up your Technology Systems, which currently consists of 1 computer (laptop or desktop), 1 printer and our required software (currently QuickBooks Online, Red Barn Central, BatchLeads and DEXT). The licensing fees for our required software are listed separately in this table (see Note 5, Note 8 and Note 11). The low estimate assumes you already have a suitable computer system you will use for your Business.
- Technology Fee:** Prior to opening, you must pay us a one-time \$500 implementation fee. You must also pay us a \$260 monthly licensing fee, commencing the 1st day of the 1st month after you sign the Franchise Agreement. These fees cover (a) a license to use Red Barn Central (RBC), Investorlift and BatchLeads; (b) a microsite we provide for your Business; and (c) tech support for RBC.
- Home Office Supplies:** The RB Business you will operate is a home-based business. We anticipate substantially all franchisees will operate from a home office. This estimate includes the cost for basic home office supplies, including paper, pens, stapler, etc.
- Lead Generation Fees:** You must pay our designated marketing company a minimum Lead Generation Fee of \$3,000 per month. You have the option to pay a higher Lead Generation Fee. We anticipate most

franchisees will pay Lead Generation Fees ranging from \$3,000 to \$5,000 per month. The first installment is due immediately prior to the launch of your lead generation program. Additional installments begin after you open. The Lead Generation Fee becomes optional beginning with your 4th month of operation.

8. **Bookkeeping Software & Services:** We strongly recommend (but do not require) that you contract with our Candella to provide bookkeeping services. This estimate includes the preopening fees paid to Candella and also includes the preopening software licensing fees for QuickBooks Online and DEXT. This estimate assumes you choose to engage Candella and license our recommended software.
9. **Professional Fees:** We assume \$500 to \$1,000 for accounting services and \$0 to \$2,000 for an attorney to review the FDD and provide comments to the franchisee.
10. **Property Acquisition Reserve:** We estimate you will need \$30,000 to \$105,000 in order to acquire a typical residential property (including down payment and closing costs). The high estimate includes the estimated funds necessary to acquire 3 residential properties at \$55,000 each. This estimate is based on the purchase of 3 residential properties at \$250,000 each, with 20% down, and \$5,000 in closing costs for each property, plus an average of \$50,000 for renovations (including materials and labor) you choose to make to a property you purchase. The low estimate assumes you intend to exclusively engage in Wholesaling Transactions during your initial period of operations, in which case you will not need any funds to purchase properties other than the earnest money imposed under the purchase contract.
11. **Additional Funds:** This estimates your expenses during the first 3 months of operation, including payroll costs (excluding any wage or salary paid to you), Lead Generation Fees (\$3,000 to \$5,000 per month), technology fees (\$260 per month), third-party software fees, bookkeeping fees, gas and other miscellaneous expenses and required working capital. The low estimate assumes you will operate the Business yourself and will not hire employees during your initial period of operations. These figures are estimates based on: (a) the experience of our franchisees in developing, opening and operating franchised RB Businesses; and (b) the experience of our principal in operating a business in Georgia similar to an RB Business.
12. **Budget and Initial Investment Report:** We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Business. We may require that you send us a report, in the form we designate, listing the expenses you incur to develop and open your Business. We may use this data to update the initial investment estimate in f our Franchise Disclosure Document.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source-Restricted-Purchases and Leases - Generally

You must purchase or lease certain “source-restricted” goods and services for the development and operation of your Business. By “source-restricted,” we mean the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). The Manual includes our specifications and list of suppliers. We notify you of changes to our specifications or supplier list by email, written notice, telephone, updates to the Manual, bulletins or other means of communication.

Supplier Criteria

Our criteria for evaluating suppliers include standards for: (a) quality, performance, design, appearance and price of the product or service; and (b) dependability, production capabilities, reputation and financial strength of the supplier. We will provide you with any objective specifications pertaining to our evaluation of a supplier or product, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us: (a) a written request for approval; (b) product samples for testing purposes; and (c) all additional information we request. The supplier must agree to comply with our minimum insurance, indemnification and confidentiality requirements for system suppliers and allow us to periodically inspect their facility. We will notify you of our

decision within 30 days after we receive all required information and product samples. We may periodically reinspect approved products and suppliers and revoke our approval if a product or supplier fails to meet our then-current criteria. We do not charge you any fees or expense reimbursements to review.

Current Source-Restricted Items

We estimate that 40% to 50% of the total purchases and leases that will be required to establish your Business and 10% to 20% of the total purchase and leases that will be required to operate your Business will consist of source-restricted goods or services. These estimated percentages assume you will engage in House Flipping Transactions. The homes you purchase are not “sourced restricted” purchases, so amounts you pay for these homes are not included in these estimated percentages. If you limit your Business to Wholesaling Transactions and Listing Transactions, the percentage of your purchases and leases consisting of source-restricted goods and services will be higher.

Technology Systems

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain components of your Technology Systems must be purchased from approved or designated suppliers while other components may be purchased from any supplier of your choosing. We may also require that certain services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems be purchased from approved or designated suppliers. Your computer must meet our standards and specifications, but may be purchased from any supplier of your choosing. You must license our proprietary Red Barn Central (RBC) software exclusively from us. You must also acquire certain third-party software that we require. Except for our proprietary software and app, we do not currently restrict the suppliers from you purchase or license your computer or software.

Marketing Materials and Services

You must pay the Lead Generation Fee to our designated marketing company that administers the Lead Generation Program. You may discontinue use of the Lead Generation Program beginning your 4th month of operation. All marketing materials must comply with our standards and requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve. We may require that you utilize a designated supplier to conduct social media marketing on your behalf.

Construction Services

You are not required to obtain our approval of contractors and other professionals you hire to renovate properties. However, we may impose certain standards that must be met by these individuals.

Insurance Policies

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers rated A- or better by Alfred M. Best & Company, Inc., including the following:

REQUIRED INSURANCE POLICIES	
Policy Type	Minimum Coverage
“All risk” Property Insurance	Replacement Value (for all properties you purchase)
Comprehensive General Liability Insurance	\$1,000,000 per occurrence and \$2,000,000 in the aggregate
Errors and Omissions Insurance	\$1,000,000 per occurrence and in the aggregate
Automobile Liability Insurance	\$1,000,000 per occurrence and in the aggregate
Commercial Umbrella Insurance	\$1,000,000 per occurrence and in the aggregate
Worker’s Compensation Insurance	As required by law

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name

us (and our members, officers, directors, and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Listing Services

If you sell a property referred to you through the Lead Generation Program in a Listing Transaction, our affiliate RB Realty will receive compensation in the form of either: (a) the Listing Royalty Fee (if you are a licensed real estate agent and you refer the property to another licensed real estate agent for listing); or (b) 10% of the total listing-side commission generated from the sale (if you are not a licensed real estate agent and RB Realty refers the property to another licensed real estate agent for listing).

Financing Services

You have the option, but not the obligation, to contract with our affiliate: (a) RS Enterprises if you wish to finance the Initial Fees; and/or (b) Red Capital if you need assistance obtaining financing for the acquisition and renovation of investment properties. You may secure a line of credit through Copper Rock Financial ("CRF") if you satisfy applicable credit and other criteria (CRF is not an affiliate). Additional information about the financing terms is disclosed in Item 10 of this Disclosure Document. You are not required to contract with any of these companies. You may use any financial services company of your choosing.

Purchase Agreements

We may try to negotiate purchase agreements with suppliers, including favorable pricing terms, for the benefit of our franchisees. If we succeed, you may purchase these goods or services at the discounted prices we negotiate (less any rebates or other consideration paid to us). As of the date of this Disclosure Document, we have negotiated purchase agreements (including pricing terms) with Sherwin Williams, Home Depot and ProSource (from whom you may purchase tools, building supplies, paint, remodeling and construction services, and related goods and services).

Although it is not our current practice to do so, we may purchase items in bulk and resell them to you at our cost plus a reasonable markup (your total cost to purchase the items from us will not exceed your total cost to purchase the items directly from the supplier without the benefit of our group purchasing power). Examples of items that we may resell include windows, doors, light fixtures, plumbing fixtures, or staging furniture.

Currently there are no purchasing cooperatives, but we may establish them in the future. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate.

Franchisor Revenues from Source-Restricted Purchases

We are currently the exclusive supplier (i.e., the only supplier) for: (a) Red Barn Central (RBC), BatchLeads, Investorlift and the other technology, tools and services we provide in exchange for the technology fee (some of these items are proprietary to us while others are third-party products that we sublicense to you); and (b) the training and other onboarding services provided in exchange for the Initial Fees. Our affiliates RS Enterprises and Red Capital offer optional financing services to franchisees. We and our affiliates may generate a profit from these purchases and services.

We may designate ourselves or our affiliates as approved or designated suppliers for other goods and services in the future. No person affiliated with us is currently an approved (or the only approved) supplier other than RS Enterprises and Red Capital. Although our affiliate RB Realty generates revenue from Listing Transactions in the form of referral fees or Listing Royalty Fees, franchisees do not contract with, or purchase any goods or services from, the company. Our President, Ken Corsini, owns an interest in RS Enterprises and Red Capital. There are no other approved or designated suppliers in which any of our officers own an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. As of the issuance date of this Disclosure Document, we receive the following rebates from suppliers:

- Sherwin Williams pay us a rebate on purchases of incentive products made by franchisees that is calculated, for each calendar year, as follows: (a) 4% of annual net sales up to \$5,000,000; and (b) 5% of annual net sales in excess of \$5,000,000
- Home Depot pays us an annual rebate equal to 2% of total purchases made by franchisees in excess of \$1,000,000 during each calendar year (no rebate is paid until total purchases for the year hit the \$1,000,000 threshold)
- ProSource pays us a 2% rebate on purchases made by franchisees
- CFR pays us a rebate equal to the lesser of \$395 or 10% of the origination fee for each financing plan obtained by franchisees through CRF
- eQRP (supplier of an optional retirement account product allowing franchisees to consolidate retirement funds and borrow from these funds) pays us a \$500 rebate for each full plan purchased by a franchisee

Our total revenue during the fiscal year ended December 31, 2024 was \$2,033,689. During that year, we generated \$3,028 in revenue as a result of franchisee purchases or leases of goods and services, which represents less than 1% of our total revenue for that year.

The table below summarizes the revenue generated by our affiliates during the fiscal year ended December 31, 2024 from franchisee purchases, leases or financing:

Affiliate	2024 Revenue from Franchisee Purchases/Leases/Financing*
RS Enterprises	\$0
Red Capital	\$112,465
RB Realty	\$0

* The source of this data is internally prepared financial statements.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Not Applicable	Item 7 & Item 11
b. Pre-opening purchases/leases	6.3, 11.4 & 15.1	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	7	Item 6, Item 7 & Item 11
d. Initial and ongoing training	5	Item 6 & Item 11
e. Opening	7	Item 11
f. Fees	4.2, 5.4, 5.5, 6.2, 6.3, 6.7, 6.8, 6.9, 10.1, 11.6, 11.8, 13, 15.1, 16.2 & 19.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manuals	6.1, 10.3, 11 & 17.1	Item 11
h. Trademarks and proprietary information	17	Item 13 & Item 14
i. Restrictions on products/services offered	11.3	Item 16
j. Warranty and client service requirements	11.7	Not Applicable

OBLIGATION	SECTIONS IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	11.4	Item 8
m. Maintenance, appearance and remodeling requirements	11.5	Item 11
n. Insurance	15.1	Item 6, Item 7 & Item 8
o. Advertising	10	Item 6, Item 7 & Item 11
p. Indemnification	18	Item 6
q. Owner's participation/management/staffing	8	Item 11 & Item 15
r. Records/reports	15.2 & 15.3	Item 6
s. Inspections/audits	16	Item 6 & Item 11
t. Transfer	19	Item 17
u. Renewal	4	Item 17
v. Post termination obligations	21	Item 17
w. Non-competition covenants	14	Item 17
x. Dispute resolution	22	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	§9 & ATTACHMENT "B"	Item 15

ITEM 10 FINANCING

Initial Fees

Our affiliate, RS Enterprises, offers financing for up to 85% of the Initial Fees. The term of the loan is 180 days. If you choose to finance the Initial Fees, you must sign the Promissory Note attached to this Disclosure Document as EXHIBIT "G"-3 (the "Note"). The interest rate is 12% per annum. However, RS Enterprises offers interest-free financing for up to 90 days. The Note requires you to pay 6 monthly installments of principal and (if applicable) interest during the 180-day term of the loan. There are no fees or finance charges imposed other than interest and, if applicable, a 10% late fee for any amounts not paid when due. RS Enterprises does not pay any consideration to us or any other affiliate relating to the financing.

The Note does not require you to provide any collateral as security for repayment. However, if the franchisee is an entity, all owners of the entity, and the spouse of each owner, must personally guarantee the Note in accordance with the Franchise Owner Agreement signed by the owner or spouse.

At any time you may prepay, without penalty, all or any part of the outstanding principal balance due under the Note. If you prepay the entire principal balance within 90 days after signing the Franchise Agreement, you will not be charged any interest. Otherwise, you will pay interest on the outstanding principal balance of the loan at a rate of 12% per annum, commencing the 91st day after you sign the Franchise Agreement, until paid in full.

You are required to repay the entire principal balance of the loan together with all accrued interest (if applicable) no later than 180 days after signing the Franchise Agreement. Your failure to make any payment under the Note when due is a material event of default. If you default:

- the entire principal balance of the loan, together with all accrued interest and a late fee equal to 10% of the amount past due, becomes immediately due and payable
- RS Enterprises may pursue all legal remedies to collect amounts owed under the Note
- RS Enterprises may recover from you all costs it incurs to enforce the Note and collect amounts due,

including attorneys' fees and collection agency fees

- we may terminate the Franchise Agreement

The Note requires you to waive: (a) demand, diligence, grace, presentment for payment, protest, notice of nonpayment, nonperformance, extension, dishonor, maturity, protest and default; and (b) recourse to guaranty or suretyship defenses (see §14 of the Note). RS Enterprises does not intend to sell or assign the Note.

Property Acquisition / Renovation Costs

Our affiliate, Red Capital, offers loan brokering services to franchisees seeking financing for the acquisition and/or renovation of investment properties. Red Capital does not fund or originate loans. Instead, Red Capital seeks to match franchisees with lenders and assist with the processing of loan documentation. Franchisees do not pay Red Capital for loan brokering services. Instead, Red Capital typically receives compensation from the lender in the form of a commission ranging from 0.5% to 1.0% of the loan amount.

The interest rate, required security/collateral, repayment term and other terms and conditions of financing vary from lender to lender. They may also vary depending on the creditworthiness of the borrower, amount of financing (i.e., loan to value), term of the loan and other factors. Based on current market conditions, Red Capital anticipates the following loan terms would apply:

- Purpose: acquisition and renovation of investment properties
- Minimum down payment: 10% of total acquisition and renovation costs
- Interest rate: 7% to 13% per annum
- Application fee: \$0 to \$1,000
- Origination fee / other finance charges: 0% to 3% of loan amount
- APR: 9% to 15% per annum
- Repayment term: 9 months to 30 years depending on nature of property and purpose of loan (e.g., 9 months for a "fix-and-flip" property, 3 years for a bridge loan, or up to 30 years for a rental property)
- Prepayment penalties: unlikely, but possible on a 30-year loan
- Required security: personal guarantee and 1st lien security interest in the acquired property

If you default by failing to make a payment when due, the lender may impose a late fee. If you fail to cure a financial default, the loan documents typically provide the lender with the right to: (a) require you to immediately pay the entire outstanding principal balance of the loan together with all accrued interest and other finance charges; (b) foreclose on its security interest in the property; and/or (c) pursue recourse against the guarantor(s). Your default under the loan documents is not grounds for us to terminate the Franchise Agreement. Red Capital does not expect the lender to sell or assign the promissory note or your payment obligations. Red Capital does not work with a specific group of lenders so it cannot provide sample financing documents.

Line of Credit / Working Capital

We established a business relationship with CRF (Copper Rock Financial), which may help you secure a line of credit from a separate lender if you meet their criteria. The interest rate, required security/collateral, repayment term and other terms and conditions of financing vary depending on the creditworthiness and residency of the borrower, amount of financing, term of the line of credit and other factors. These items also vary from lender to lender. Based on current market conditions, CRF anticipates the following loan terms are likely to apply:

- Purpose: business startup funds or working capital to acquire and/or renovate properties
- Amount of Credit Line: typically \$5,000 to \$100,000 (average credit line is approximately \$50,000)
- Interest rate: 0% for 12 to 18 months (interest rate variable after interest-free period)
- CRF Fees: lesser of 10% of credit line or \$3,995
- Origination Fee / Other Finance Charges: varies from lender to lender

- APR: varies from lender to lender
- Term: varies from lender to lender
- Prepayment Penalties: none
- Required Security: no collateral required, but franchise owners must personally guarantee the debt

If you default by failing to make a payment when due, the lender may impose a late fee. If you fail to cure a financial default, the loan documents typically provide the lender with the right to: (a) require you to immediately repay all amounts borrowed against the line of credit together with all accrued interest and other finance charges; and/or (b) pursue recourse against the guarantor(s). Your default under the loan documents is not grounds for us to terminate the Franchise Agreement. CRF does not expect the lender to sell or assign the note or your payment obligations but lenders may reserve the right to do so. CRF does not work with a specific group of lenders so it cannot provide sample financing documents. CRF's credit agreement is attached to this Disclosure Document as EXHIBIT "G"-4.

CRF is not affiliated with us. However, it pays us a rebate equal to the lesser of \$395 or 10% of the origination fee for each financing plan obtained by franchisees through CRF .

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

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

Before you open your Business, we or our affiliate will:

1. Provide access to our Manual, which will help you establish and operate your Business. The Manual is 1,400 pages. This page count is an estimate due to the fact that the Manual is web-based with a significant portion consisting of a series of recorded and on-demand training programs without written text. Upon request, we will allow you to review the Manual prior to signing the Franchise Agreement, but you must first sign a nondisclosure agreement. (§6.1, §11.2 & §24.8)
2. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Business and a list of suppliers. We do not deliver or install any items you purchase. (§11.2)
3. Provide an initial training program, as discussed below under "Training Program". (§5.1)
4. Offer you optional financing for up to 85% of the Initial Fees through an affiliate. (§13.1)

During the operation of your Business, we will:

1. Provide access to the Lead Generation Program, as discussed below under "Advertising and Marketing". (§6.3)
2. License you the right to use our proprietary software, Red Barn Central (RBC), as discussed below under "Computer System". (§6.2)
3. Provide personal coaching to assist you with the first 20 transactions you close (does not include guidance or support relating to the renovation, remodeling, repair or construction of properties you acquire). (§6.7)
4. Provide our guidance and recommendations to improve the operation of your Business. (§6.5)
5. Conduct periodic training programs as discussed below under "Training Program". (§5.2)
6. Develop, host and maintain a local microsite for your Business. We can modify or discontinue your microsite at any time. (§6.8 & §10.3)
7. Provide access to various tools, resources and support, which we may change from time to time. The tools, resources and support we currently provide include the following:
 - Weekly Live Training Programs

- Personalized Coaching
- Use of Proprietary Software
- Done-For-You Marketing Program
- Access to Hard Money Lender(s)
- National Material Discount Program
- Construction & Renovation Support
- Exclusive Accounting System
- National Member Events

(§6.4)

During the operation of your Business, we or an affiliate may, but need not:

1. Upon your request, provide guidance and recommendations regarding the renovation, remodeling, repair or construction of properties you acquire. We may charge you \$100 per hour if we provide this support. (§6.7)
2. Upon your request, provide personal coaching with respect to transactions other than the initial 20 closed transactions (personal coaching for your initial 20 closed transactions is covered by the Initial Fees described in Item 5). We may charge you \$100 per hour if we agree to provide this additional personal coaching. (§6.7)
3. Offer loan brokering services for the acquisition and renovation of investment properties. (§6.10)
4. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Business or assist you with specific projects. (§6.6)
5. Establish and implement the Brand Fund, as discussed below under “Advertising and Marketing”. (§10.1)
6. Negotiate purchase agreements with suppliers to allow you to purchase certain goods or services at discounted prices. We may also purchase items in bulk at discounted prices and resell them to you at our cost plus shipping and a reasonable markup. (§6.9)
7. Hold periodic conferences to discuss business and operational issues affecting franchisees, including industry changes, new services and/or merchandise, marketing strategies and the like. (§5)
8. Upon request, provide additional training or assistance (either at our headquarters or in your territory), as discussed below under “Training Program”. (§5.2)

Training Program (§5)

Initial Training Programs

We provide our pre-opening initial training program for your Managing Owner and designated manager (if you choose to hire a designated manager). Your other owners (if any) may, but need not, complete initial training. Your Managing Owner and designated manager, if applicable, must successfully complete initial training to our satisfaction before you open your Business (which must occur no later than 150 days after signing the Franchise agreement), although certain aspects of initial training take place after your opening date. You are responsible for training all of your employees other than your designated manager.

Our initial training program is conducted online. In the future, we reserve the right to require that franchisees attend “in-person” training at a location we designate. The training materials include the Manual and various online resources. We do not charge you for training materials. We intend to offer the initial training program on an “as needed” basis to meet franchisee demand. The initial training program currently consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING*	LOCATION
Franchise Training	4.5	27	Online / Remotely Conducted
Real Estate Investing	3	0	Online / Remotely Conducted
Business Operations	1	0	Online / Remotely Conducted
Sales and Acquisitions	3	0	Online / Remotely Conducted
Financing	1	0	Online / Remotely Conducted
Assessment and Renovation	3	0	Online / Remotely Conducted
Disposition	2	0	Online / Remotely Conducted
RB University	16	0	Online / Remotely Conducted
Live Weekly Calls	0	36	Online/ Remotely Conducted
Self-Sourcing	2.5	0	Online/ Remotely Conducted
Tax Liens and Tax Deeds	1	0	Online/ Remotely Conducted
Multi-Family	3.5	0	Online/ Remotely Conducted
TOTAL	40.5	63	

* “On the job” training includes remotely conducted training that takes place during the 12-week period after your opening date. It includes ongoing coaching and other training intended to reinforce and help you apply the lessons taught during pre-opening training as you conduct your initial transactions.

Ongoing Training Programs

From time to time, we may require that your Managing Owner and designated manager attend system-wide refresher or supplemental training courses. Any new Managing Owner or designated manager you appoint or hire must successfully complete our initial training program before assuming responsibility for the management of your Business. If we inspect your Business and determine you are not operating in compliance with the Franchise Agreement and the Manual, we may require that your Managing Owner and designated manager complete remedial training relevant to the operational deficiencies we observed. You may also request that we provide additional training (either virtually, at corporate headquarters or onsite in your territory). We are not required to provide additional training you request.

Instructors

Ken Corsini is in charge of our training program. Mr. Corsini is the founder of our System and currently serves as our President. He has been with us since our inception in August 2021. He has 19 years of experience in the industry. Mr. Corsini may utilize other instructors who have at least 1 year of experience with our System. The other current instructors are Tracey Cooper, Mike Kovak and David Hagan.

Tracey Cooper has been with us since 2022 and has more than 5 years of experience in the industry within the area of real estate investments, including closing over 100 real estate deals.

Mike Kovak has been with us since 2023 and has more than 31 years of experience in the industry within the areas of business development, marketing and financing.

David Hagan has been with us since 2023 and currently serves as a Sales Coach. He has trained and coached sales teams in the home industry since 2012. He has 13 years of sales experience in the home industry.

Training Fees and Costs

Before you open, we will provide our online training program. The Initial Fees described in Item 5 cover this training. We reserve the right to charge you an additional training fee of up to \$500 per person per day for each person who attends: (a) remedial training; (b) additional training you request; or (c) refresher or supplemental

training. If we agree to provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur. You are responsible for all wages and Travel Expenses that you and your trainees incur for training conducted at our corporate headquarters or any other location we designate. However, we do not currently offer any training at our corporate headquarters.

Site Selection and Development

The RB Business is a home-based business. You do not operate from a separate office or dedicated retail space. You do not need our approval of the location of your home office.

Computer System (§6.8, §11.4, §11.5, §11.6, §15.6 & §16.1)

You must purchase and use all Technology Systems we designate from time to time. One component of our Technology Systems is your “computer system”, which consists of the following items:

- 1 computer (either laptop or desktop) with printer
- Red Barn Center (RBC) franchise management software
- Investorlift (wholesaler platform)
- BatchLeads software
- Approved bookkeeping software (we currently recommend QuickBooks Online)
- Approved receipt management software (we currently recommend DEXT)

We may change the components of the Technology Systems from time to time, including your computer system.

How Computer System Is Used

The computer system will generally be used to manage and operate your Business, as further discussed below:

- *Red Barn Central*: used to manage the day-to-day operations of a real estate investing business, from acquisition through disposition (you use this software to manage leads for the purpose of converting to contracts and deals, implement automated nurture campaigns, organize tasks and calendar, etc.)
- *Investorlift*: used to fund, buy, market and sell investment properties
- *BatchLeads*: used to conduct research on comparable properties
- *QuickBooks Online*: used for accounting, bookkeeping and preparing financial statements & reports*
- *DEXT*: used to manage receipts*

* If you choose not to use DEXT and QuickBooks Online (which we strongly recommend you use), then you are responsible for licensing another system with comparable functionality.

Fees and Costs

We estimate the initial cost of your computer system (including any upfront license fees, setup fees, software training fees, data migration fees, etc.) will range from \$70 to \$2,000. The low estimate assumes you already have a suitable computer.

As further detailed in Item 6, you must pay us a technology fee for certain software, technology and related services that we provide. As of the issuance date of this Disclosure Document, we charge a technology fee of \$260 per month (\$3,120 per year) with a one-time \$500 implementation fee. The technology fee includes license fees for Red Barn Central, Investorlift and BatchLeads and tech support for RBC. It also covers the costs for your microsite. We also provide certain technology support in exchange for the Initial Fees described in Item 5. The table below identifies the ongoing fees and costs you must pay for the software, technology, Apps, subscriptions and related services (including the software, technology and related services covered by the technology fee):

Item	Fee (Monthly)	Fee (Annual)	To Whom Paid?
Technology Fee (Red Barn Central, Investorlift, BatchLeads, Microsite, Tech Support)	\$260*	\$3,120*	Us
Candella (recommended but not required) (QuickBooks Online & DEXT)	\$160	\$1,920	Third-party licensor

* We may increase this fee by up to 10% per year. Any unapplied increase for a given year may be carried forward and applied in a subsequent year, in which case the total increase for that subsequent year may exceed 10%.

Maintenance, Support, Updates and Upgrades

In exchange for the \$260 monthly licensing fee, we will provide (or cause a third-party to provide) all required maintenance, support and updates for Red Barn Central (which is proprietary), Investorlift and BatchLeads. Similarly, the third-party licensors will provide all required maintenance, support and updates for the third-party software you are required to use in exchange for the monthly fees listed in the table above.

Except as otherwise disclosed above: (a) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Collection and Sharing of Data

Your computer system will collect various operational data, including: financial and accounting data; sales data; data regarding property leads; data relating to the properties you purchase, renovate, sell or wholesale; renovation estimates; and names and contact information for property sellers, cash buyers and industry professionals. We will have independent unlimited access to the data collected on your computer system and there are no contractual limits imposed on our access. If you choose not to use our recommended supplier for bookkeeping services, then you must either: (a) provide us with independent access to your QuickBooks Online account (or other accounting system) with permission to read all reports and add us as a managing administrator; or (b) prepare and send us monthly financial reports that we require.

Computer System Maintenance and Changes

You must maintain the computer system in good condition at your cost. We may require that you upgrade, update or otherwise change your computer system and other Technology Systems to conform to our then-current specifications. There is no contractual limitation on the frequency or cost of these updates, upgrades or changes.

Advertising and Marketing (§6.3, 6.8 & 10)

You must participate at your own expense in all advertising, promotional and marketing programs we require. You are not required to participate in an advertising cooperative. There is currently no franchisee advertising council that advises us on marketing and advertising matters.

We provide the advertising and marketing support discussed below. Any company-owned RB Business will pay brand fund fees on the same basis as franchisees. We have no further obligation to expend our own funds on marketing and advertising in your area.

Lead Generation Program

You must pay monthly Lead Generation Fees to a marketing company we designate in order to administer the Lead Generation Program to identify “off the market” distressed properties you may wish to purchase or wholesale. The minimum Lead Generation Fee is \$3,000 per month. You may choose to pay a higher Lead Generation Fee. The marketing company will send you any leads its generates from the Lead Generation Program using Lead Generation Fees paid by you. The Lead Generation Program is administered in a manner that tracks each marketing expenditure back to the franchisee that paid the Lead Generation Fee used to fund

marketing expenditure. Each lead generation channel that collects leads as a result of that expenditure uses an API to automatically create leads inside the franchisee's distinct database. As a result, the marketing company has the ability to track Lead Generation Fees and allocate the leads it generates to franchisees based on the specific franchisee whose Lead Generation Fee resulted in the lead. In other words, you will receive all leads the marketing company generates in your territory using Lead Generation Fees paid by you. The API also allows the marketing company to calculate whether a franchisee's Lead Generation Fees have been expended each month. You are not required to conduct any marketing on your own behalf, although you are free to do so.

Beginning with your 4th month of operation, the Lead Generation Program is optional and you may choose to: (a) continue the program by paying monthly Lead Generation Fees (you may change the amount of the monthly Lead Generation Fee to any amount equal to or greater than \$1,000); or (b) discontinue the program and cease payment of Lead Generation Fees. If you discontinue the service: (a) you will be solely responsible for marketing and identifying properties; and (b) we may eliminate your territorial protections if you fail to close at least 1 deal during any 12-month period after you discontinue use of the Lead Generation Program. If you discontinue the program, you may resume use of the Lead Generation Program by sending us (and the marketing company) a written notice indicating your desire to resume the program and listing the Lead Generation Fee you wish to pay (the minimum fee for participation in the Lead Generation Program is \$1,000 per month).

We do not guarantee or represent the Lead Generation Program will be successful in generating suitable purchasing opportunities for you. The leads are generated by our designated marketing company and sent to you on an "as is" basis. We do not screen, contact or otherwise vet the leads before they are sent them to you. You must waive any claims against us relating to your interactions and business transactions with leads our designated marketing company sends to you.

Other Marketing Assistance From Us

We will provide reasonable marketing consulting, guidance and support throughout the franchise term on an as needed basis.

We will provide you with certain marketing strategies you may implement to generate leads using your own marketing efforts. You will be responsible for all costs you incur to generate leads using your own marketing efforts, and any such costs will not be credited against any minimum Lead Generation Fees you must pay to the marketing company that administers the Lead Generation Program.

We may create and make available to you advertising and marketing materials for your purchase. We may use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may provide online access to these materials, in which case you must print the materials at your expense. We may also contract with third-party suppliers to create advertising or marketing materials that you may purchase.

Local Marketing Conducted by You

Except for the initial Lead Generation Fees, we do not require that you spend any minimum amount of money on advertising or marketing. You may develop your own advertising and marketing materials and programs, provided we approve them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 15 days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to approve them within the 15-day period constitutes our disapproval.

Websites, Social Media and Digital Advertising

We will develop, host and maintain a microsite for your Business. We may discontinue your microsite at any time upon prior notice to you. You may not: (a) develop, host, or otherwise maintain your own website or other digital presence relating to your Business (including any website bearing any of our Marks); or (b) utilize the Internet to conduct digital or online advertising; or (c) engage in ecommerce. However, we do permit you to market your Business through approved social media channels, subject to the following requirements:

- you may not use or display our Marks without our prior written approval

- you may only conduct social media utilizing social media platforms that we approve
- you must strictly comply with our then-current social media policy
- you must remove any post we disapprove (even if it complies with our social media policy)
- we may require that you contract with and utilize a social media company we designate
- you must provide us with full administrator rights to your social media accounts
- we must retain ownership of all social media accounts relating to your Business

Brand and System Development Fund

We may, but need not, establish and administer the Brand Fund to promote public awareness of our brand and improve our System. We may use the Brand Fund to pay for any of the following in our discretion:

- developing, distributing or administering advertising and marketing materials and programs
- conducting and administering promotions, contests or giveaways
- public and consumer relations and publicity
- brand development
- sponsorships and charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development, maintenance and promotion of an ecommerce platform
- development and implementation of quality control programs
- conducting market research
- reimbursing us for costs we incur to host franchisee conferences
- changes and improvements to the System
- fees and expenses charged by advertising agencies we engage to provide marketing services
- collecting and accounting for brand fund fees and preparing financial accountings of the Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System reimbursing us for administrative, overhead and other expenses we incur to administer the Brand Fund, including compensation paid to our personnel for time spent working on Brand Fund matters

We direct and have complete control and discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used for the programs. Currently, most advertising is expected to be local or regional in coverage. The Brand Fund will not be used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as “franchises available” and one or more pages on our website may promote the franchise opportunity.

You must pay the brand fund fee we specify from time to time (not to exceed 10% of your Acquisition Royalty Fee). We will deposit all brand fund fees we collect into the Brand Fund. Any company-owned RB Business will contribute to the Brand Fund on the same basis as our franchisees. However, if we modify the amount or timing of required contributions, any company-owned RB Business established or acquired after the modification may contribute to the Brand Fund utilizing the modified amount or timing.

All monies deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies may be invested and we may lend money if there is a deficit. An unaudited financial accounting of Brand Fund contributions and expenditures will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2024, we did not collect or spend any monies from the Brand Fund.

The Brand Fund is not a trust. We have no fiduciary obligations or liability to you with respect to our administration of the Brand Fund. Once established, we may discontinue the Brand Fund on 30 days' notice.

Advisory Council (§12)

We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you are not in default under the Franchise Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Any RB Business operated by us or our affiliates would also be a member of the council. Each member would be granted 1 vote on all matters on which members are authorized to vote. We would have the power to form, change or dissolve the advisory council in our discretion.

Time To Open (§7)

We expect most franchisees will open 1 to 2 months after signing the Franchise Agreement. Factors that may affect this time include: completion of training; hiring a designated manager (if needed); obtaining insurance and required business licenses; and complying with local laws and regulations. You may not open your Business prior to receipt of our written authorization to open. Your Business is deemed open as soon as we issue our written authorization to open.

ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Description of Your Territory

The Franchise Agreement grants you the right to operate your RB Business solely within the territory described in Part B of ATTACHMENT "A" of your Franchise Agreement. In most cases, we define territories by county, city or other municipal boundaries. Once we establish your territory, you may not relocate to a new territory.

Your territory will include a minimum population of 250,000 (measured as of the date we establish your territory). If the population of your territory exceeds 500,000, we may require you to share your territory with one or more other franchisees (referred to as a "Shared Territory"). However, we will authorize no more than 1 RB Business to operate within a Shared Territory for every 250,000 people that reside within the territory. All population determinations will be based on the most recent United States Department of Commerce Census Bureau census data.

Once your territory is established, we have no obligation to modify your territory (or reduce the number of RB Businesses permitted to operate in your Shared Territory, if applicable) based on subsequent changes to population. Upon renewal, we reserve the right to modify the boundaries of your territory (as well as the formula used to determine the maximum number of RB Businesses that may be established within a Shared Territory) in accordance with our then-current territory guidelines and criteria.

Restrictions on Your Sales and Marketing Activities

Unless you receive our prior written consent, you may not conduct targeted marketing that is directed into an area outside your territory for purposes of soliciting properties or property owners. Marketing that is distributed, circulated or received both within your territory and within an area outside territory is not considered "targeted marketing" if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your territory; and (b) the majority of the recipients of the advertising are located within your territory and there is only incidental circulation or distribution outside your territory. The meaning of "targeted marketing" that is "directed into an area" may be further defined in the Manual, but examples include direct

mail sent to addresses within a given area, purchasing advertising on billboards located in a given area, digital advertising sent to devices with IP addresses registered in a given area and setting up promotional events that take place in a given area.

You may not market or sell using alternative channels of distribution, such as the Internet. However, you may engage in social media marketing subject to the restrictions described in Item 11 under the Section entitled “Websites, Social Media and Digital Advertising”.

As further discussed above, you may not conduct targeted marketing that is directed into an area outside your territory unless we provide our prior written consent. You may, however, conduct a real estate investment transaction involving a property located outside your territory if either: (a) we refer the lead to you; or (b) you receive the lead through passive means and not as a result of targeted marketing that you direct into an area outside your territory (for example a property owned by a friend, family member or preexisting client who contacts you and requests your involvement, or a property owned by a person who was solicited by you within your territory). The fees imposed under the Franchise Agreement apply equally to properties located inside and outside your territory.

Territorial Rights and Protections

We provide the following territorial protections during the term of your Franchise Agreement:

- only you and any other RB Business we authorize to operate in your territory (if you have a Shared Territory) may conduct targeted marketing that is directed into your territory
- only you and any other RB Business we authorize to operate in your territory (if you have a Shared Territory) will receive leads from us for properties located in your territory

Other RB Businesses (including RB Businesses that are not authorized to operate in your territory) may conduct real estate investment transactions involving properties located in your territory as long as they do not obtain the leads as a result of targeted marketing directed into your territory.

Alternative Channels of Distribution

We reserve the right to sell, and license others to sell, competitive or identical goods or services (either under the Marks or different trademarks) within your territory through alternative channels of distribution, including sales through direct marketing such as over the Internet or through catalogs or telemarketing. You are not entitled to any compensation for sales that take place through alternative channels of distribution.

Minimum Performance Requirements

You must pay us a minimum annual royalty fee of \$6,000 per calendar year (prorated for partial years of operation). If the total royalty fees paid to us during a given calendar year is less than the minimum annual royalty fee, you must pay us the shortfall. If you fail to do so, we may terminate your territorial protections. As long as you continue to participate in the Lead Generation Program and pay the minimum Lead Generation Fee to our designated marketing company, your territorial protections do not depend on achieving any other sales volume, market penetration or other contingency. However, if you choose to discontinue use of the Lead Generation Program (you may discontinue use of the program any time beginning with your 4th month of operation), we may eliminate your territorial protections if you fail to close at least 1 deal during any 12-month period after you discontinue use of the Lead Generation Program. If you resume use of the Lead Generation Program and pay the Lead Generation Fee for a minimum 3-month period, your territorial protections will be reinstated (subject to any additional RB Businesses that we authorized to operate in your territory during such time that you did not have territorial protections). Upon reinstatement, your territorial protections will remain in effect until such time that you discontinue the program and fail to close at least 1 deal during any subsequent 12-month period.

Additional Franchises and Territories

You are not granted any options, rights of first refusal or similar rights to acquire additional territories or franchises.

Competitive Businesses Under Different Marks

Our founder and President, Ken Corsini, operates a real estate investment business in Atlanta, Georgia that is substantially similar to the franchised business offered under this Disclosure Document. As of the fiscal year-end, the total population of the territory in which this affiliate-owned outlet operates was 6,200,000. Mr. Corsini engages in the same types of transactions conducted by our franchisees.

At times, Mr. Corsini has operated his business under the name “Red Barn Homes” (which is a mark that will not be licensed to our franchisees). In most cases, Mr. Corsini does not use the Red Barn Homes mark (or any similar mark) when dealing with property owners in House Flipping Transactions. As discussed in Item 1, we found it is more difficult to conduct profitable transactions when the other parties recognize the Red Barn brand from the HGTV series. For this reason, Mr. Corsini often refrains from using or displaying the Red Barn Homes name when conducting his own real estate investment business. All RB Businesses are permitted to conduct business in a similar manner (although franchisees are not licensed the right to use the “Red Barn Homes” mark).

Mr. Corsini operates his business subject to the same territorial rights and restrictions imposed on franchisees. In other words, Mr. Corsini will operate his business as if it were an RB Business operating under the same Marks licensed to our franchisees. As a result, we do not anticipate any conflicts between Mr. Corsini’s business and any RB Business operated by a franchisee.

ITEM 13 TRADEMARKS

We grant you the right to use our Marks to demonstrate the fact you successfully completed our training program and meet our certification standards for the use of our System. However, you will hold yourself out to the public under a different tradename (which may not include our Marks or any name confusingly similar to our Marks) for the reasons discussed in Item 1. Use of our Marks may be beneficial when dealing with other real estate professionals and approved suppliers (for example, you must use our Marks to receive access to the discounted pricing we negotiated with Home Depot and ProSource). At any time, we may change our policy and require that you operate your Business only under our Marks.

Our affiliate Red Barn Homes, LLC (“RBH”) registered the following Marks with the United States Patent and Trademark Office (USPTO):

REGISTERED MARKS		
Mark	Registration Number	Registration Date
RED BARN HOMEBUYERS	7460759 (Principal Register)	July 30, 2024
	7460760 (Principal Register)	July 30, 2024

RBH also applied to register the following Mark on the Principal Register of the USPTO based on actual use in commerce:

UNREGISTERED MARK		
Mark	Serial Number	Application Date
	97325865	March 23, 2022

We do not have a federal registration for the Mark listed in the table above entitled “Unregistered Mark”. Therefore, this Mark does not have many legal benefits and rights as a federally registered trademark. If our

right to use this Mark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

All required affidavits have been filed and we intend to file all renewals by the required renewal date.

We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in this Item 13. If this happens, you must change to the new trademark at your expense.

Although RBH has not obtained a federal registration for one of our Marks (Serial #97325865), it has registered this Mark in the states of Georgia, Louisiana and South Carolina. Details of these registrations are listed in the table below:

STATE REGISTERED MARKS			
State	Mark	Registration Number	Registration Date
Georgia		S-31709	December 8, 2022
Louisiana		11751941#CFG62	June 30, 2023
South Carolina		Cert No. 236427	July 21, 2023

You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we deem appropriate. We are not required to take any action if we do not feel it is warranted. You may not control any proceeding or litigation involving our Marks.

The Franchise Agreement does not require us to: (a) protect your right to use the Marks or protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (b) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our marks or if the proceeding is resolved in a manner that is unfavorable to you.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending infringements, oppositions or cancellations against any of our Marks; (c) pending material litigation matters involving any of the Marks; or (d) infringing uses we are aware of that could materially affect your use of the Marks.

On April 11, 2022, we and RBH formalized a License Agreement (as subsequently amended, the “License Agreement”), effective as of March 23, 2022. Under the terms of the License Agreement, RBH granted us a perpetual, paid-up, royalty-free license to use the Marks throughout the United States in the Red Barn System and to sublicense the Marks to our franchisees. RBH is permitted to terminate the License Agreement only if: (a) we declare bankruptcy or become insolvent; (b) we and RBH mutually agree to terminate the License Agreement; (c) we breach RBH’s quality control standards and fail to cure the breach; or (d) we undergo a change in control or restructuring. If the License Agreement is terminated, the agreement states that all sublicenses granted by us to our franchisees will continue in full force and effect until the expiration or termination of the applicable franchise agreement. Except as discussed above, no agreements limit our right to use or sublicense the use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

Neither we nor our affiliates have filed an application for copyright registration for the Manual, our website, the Red Barn Central (RBC) software or our marketing materials. However, we and our affiliate do claim a copyright to these items.

During the term of your Franchise Agreement, we will allow you to use certain confidential and proprietary information (some of which constitute “trade secrets”) relating to the development and operation of an RB Business. Examples include:

- methods, techniques, policies, procedures, standards and specifications
- supplier lists and information
- marketing strategies
- financial information
- information comprising the System

We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to an RB Business. We will also own all operational and customer data relating to your Business, including all data collected relating your operations and persons with whom you conduct business. You must treat this data as confidential and proprietary. We license you the right to utilize this data during the term of your Franchise Agreement. You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual.

We provide you with access to our confidential information through our Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Business in compliance with the terms of the Franchise Agreement and Manual. You may not disclose our confidential information to any person (other than your employees on a need to know basis) without our prior written permission. All information in the Manual is confidential. All your employees, agents and representatives (other than your designated manager) must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "D" before you give them access to our confidential information.

You must promptly notify us if you discover any unauthorized use of our proprietary information. We are not obligated to act, but will respond to this information as we deem appropriate. You may not control any proceeding or litigation alleging the unauthorized use of our proprietary information. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information. There are no infringements known to us at this time.

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

Owner Participation

You must designate an owner who will have overall responsibility for the management and operation of your Business (the “Managing Owner”). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; and (c) at all times hold at least a 10% ownership interest in the franchise (or the entity that is the franchisee under the Franchise Agreement) unless we waive this requirement. The Managing Owner is not required to provide onsite management (i.e., by visiting properties for inspection purposes or to supervise remodeling or renovations being performed) as long you hire a designated manager to fulfil these responsibilities. Any new Managing Owner you appoint must successfully complete our then-current initial training program.

Except as otherwise provided above with respect to your Managing Owner, we do not require that your owners personally participate in the management or operation of your Business. If you are an entity, each owner (i.e., each person holding a direct or indirect ownership interest in the entity) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "B". By signing the Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants, covenants that protect our intellectual property and transfer restrictions set forth in the Franchise Agreement; and (b) guarantee the franchisee’s financial obligations.

Designated Manager

You may hire a designated manager to visit properties for purposes of conducting inspections and monitoring

remodeling or renovations being performed. Any person you hire as a designated manager must: (a) successfully complete all training programs we require; and (b) sign a Confidentiality Agreement. Either your Managing Owner or designated manager must dedicate full time efforts to the Business. The Managing Owner must monitor and supervise the designated manager you hire to ensure your Business is operated in accordance with the Franchise Agreement and the Manual. We do not require that your designated manager own any equity interest in the franchise, although it is recommended.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer and sell the goods and services we authorize from time to time. You may only conduct and engage in the specific types of real estate investment activities and transactions we authorize from time to time. Currently, the scope of real estate investment activities you are authorized to conduct is limited to: (a) House Flipping Transactions; (b) Wholesaling Transactions; and (c) Listing Transactions (but only if you hold any required real estate license). You may choose to engage in some, but not all, of these types of authorized real estate investment activities and transactions. You may not engage in any other activities, or sell or provide any other goods or services, without our prior written approval. We may change the goods and services you may sell and/or the types of real estate investment activities and transactions you may conduct.

All real estate investment activities must be conducted in your name and for your benefit. You are strictly prohibited from offering, providing or selling tax, financial planning or investment advice to third parties in any way that relates to your RB Business or involves our Marks. You may not offer real estate-related securities or tax shelter programs (for example, offering to third parties interests in a real estate investment trust or participation rights in a syndicated conservation easement transaction). You may not list any property for sale as seller's agent (even if you hold a real estate license) if we referred the lead to you or you generated the lead within your territory during the term of the Franchise Agreement.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
a. Length of the franchise term	4.1	Term is equal to 5 years.
b. Renewal or extension of the term	4.1 & 4.2	If you meet our conditions for renewal, you can enter into 3 consecutive successor franchise agreements. Each renewal term is 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
c. Requirements for you to renew or extend	4.1 & 4.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement; sign general release (subject to state law); pay renewal fee; and upgrade or replace Technology Systems and equipment to conform to our then-current standards. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
d. Termination by you	20.1	You can terminate if we default and fail to timely cure.
e. Termination by us without cause	20.3	We can terminate without cause if you provide your written consent.
f. Termination by us with cause	20.2	We can terminate if you default.
g. "Cause" defined - curable defaults	20.2	You have 10 days to cure any monetary default. You have 30 days to cure any other default, other than defaults described below under "non-curable defaults".

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
h. "Cause" defined - non-curable defaults	20.2	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; failure to successfully complete training; failure to open in timely manner; abandonment; loss of required license or permit; conviction of certain crimes or subject of certain administrative actions; violation of material law; acts that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; 2 nd underreporting of amounts due by 3% or more; knowing failure to report a transaction for which we or our affiliate is entitled to a royalty fee; unauthorized Transfers; unauthorized use of our intellectual property; breach of brand protection covenant, Franchise Owner Agreement or legal compliance representation; or termination of any other agreement between you or your affiliate and us or our affiliate due to your default.
i. Your obligations on termination/non-renewal	21	Obligations include: cease use of intellectual property; return Manual and branded materials; assign telephone numbers, listings and domain names; cease use of RBC Software; assign client and property information and accounts; cancel fictitious names; and pay amounts due (also see "r", below).
j. Assignment of contract by us	19.1	No restriction on our right to assign.
k. "Transfer" by you – definition	1 (definition of Transfer) & 19.2	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	1 (definition of Permitted Transfer), 19.2 & 19.3	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	19.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; assume your obligations under Business contracts; sign then-current form of franchise agreement for remainder of term or, at our option, assume your Franchise Agreement; and upgrade Technology Systems and equipment to current standards within 90 days of Transfer or shorter period of time we specify. You must: be in compliance with Franchise Agreement; pay transfer fee; and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
n. Our right of first refusal to acquire your business	19.5	We can match any offer for your business.
o. Our option to purchase your business	Not Applicable	Not Applicable
p. Your death or disability	19.4	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers.
q. Non-competition covenants during the term of the franchise	14.3	No involvement in a competing business.
r. Non-competition covenants after the franchise is terminated or expires	14.3	No involvement for 2 years in a competing business that conducts House Flipping Transactions or Wholesaling Transactions involving properties located in either (a) your territory or (b) the territory assigned to any other RB Business in operation at the time.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
s. Modification of the agreement	24.3 & 24.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws (i.e., if a state law imposes a mandatory term that conflicts with the term of the franchise agreement, we can modify the franchise agreement to comply with the state law).
t. Integration/merger clause	24.8	Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.
u. Dispute resolution by arbitration or mediation	22	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
v. Choice of forum	22	Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Cherokee County, Georgia).
w. Choice of law	24.1	Subject to state law, Georgia law governs.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in 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 Federal Trade Commission, the appropriate state regulatory agencies, and our management by contacting our Chief Executive Officer at 105 Towne Lake Parkway, Woodstock, Georgia 30188 and our telephone number is (678) 707-8114.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2022 TO 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	13	+13
	2023	13	54	+41
	2024	54	86	+32
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	3	+2
Total Outlets	2022	1	14	+13
	2023	14	55	+41
	2024	55	90	+35

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2022 TO 2024

State	Year	Number of Transfers
Arizona	2022	0
	2023	0
	2024	1
Georgia	2022	0
	2023	1
	2024	3
South Carolina	2022	0
	2023	0
	2024	1
Texas	2022	0
	2023	0
	2024	2
Total	2022	0
	2023	1
	2024	7

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 TO 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Alabama	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	5	0	0	0	0	5
Arizona	2022	0	1	0	0	0	0	1
	2023	1	3	0	0	0	2	2

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 TO 2024								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2024	2	1	0	0	0	0	3
Arkansas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Colorado	2022	0	1	0	0	0	0	1
	2023	1	2	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Connecticut	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	0	1	0	0	0	0	1
	2023	1	4	0	0	0	0	5
	2024	5	8	0	0	1	0	12
Georgia	2022	0	3	0	0	0	0	3
	2023	3	8	0	0	0	0	11
	2024	11	5	1	0	1	0	14
Idaho	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Indiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Iowa	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	1	0	0	0	0
Kansas	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	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Massachusetts	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Michigan	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3
Minnesota	2022	0	0	0	0	0	0	0

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 TO 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Mississippi	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Montana	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New Jersey	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
North Carolina	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	2	0	0	0	0	5
Ohio	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Oklahoma	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Pennsylvania	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
South Carolina	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	0	0	0	0	1	2
Tennessee	2022	0	1	0	0	0	0	1
	2023	1	3	0	0	0	1	3
	2024	3	5	0	0	0	0	8
Texas	2022	0	0	0	0	0	0	0
	2023	0	5	0	0	0	0	5
	2024	5	5	3	0	0	0	7
Utah	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Virginia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 TO 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Wisconsin	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Totals	2022	0	13	0	0	0	0	13
	2023	13	45	0	0	0	4	54
	2024	54	40	5	0	2	1	86

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	1	1	0
Arizona	1	0	0
Florida	2	2	0
Georgia	1	1	0
Idaho	1	1	0
Maryland	1	1	0
Michigan	1	1	0
Missouri	1	1	0
New York	1	1	0
North Carolina	3	2	0
Ohio	5	5	0
Oklahoma	1	0	0
Pennsylvania	1	0	0
Tennessee	0	0	0
Utah	1	0	0
Virginia	1	1	0
Washington	1	1	0
Wyoming	1	1	0
Total	24	19	0

Notes:

1. The corporate-owned outlets listed in Table 4 in Georgia refer to the real estate investment businesses conducted by our founder, Ken Corsini, in Atlanta, Georgia and Orlando, Florida. These businesses are substantially similar to the franchised business offered under this Disclosure Document but may operate under the name Red Barn Homes instead of the Mark licensed to our franchisees.

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "D" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2024. In addition, EXHIBIT "D" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who 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 the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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.

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Our fiscal year ends on December 31st. Audited financial statements of Red Barn Homebuyers, LLC for the fiscal years ended December 31, 2024, December 31, 2023 and December 31, 2022 are attached to this Disclosure Document as EXHIBIT "E". In addition, an unaudited balance sheet as of April 30, 2025 and an unaudited profit and loss statement from January 1, 2025 through April 30, 2025 are attached to this Disclosure Document as EXHIBIT "E".

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "F"	Other Agreements
EXHIBIT "G"-1	State Addenda
EXHIBIT "G"-2	General Release
EXHIBIT "G"-3	Promissory Note
EXHIBIT "G"-4	Credit Agreement (Copper Rock Financial)
EXHIBIT "G"-5	Code of Ethics

Attachments to Franchise Agreement

ATTACHMENT "B"	Franchise Owner Agreement
ATTACHMENT "C"	ACH Authorization Form
ATTACHMENT "D"	Confidentiality Agreement

ITEM 23 RECEIPT

EXHIBIT "I" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

<u>CALIFORNIA</u> Commissioner of Financial Protection & Innovation Department of Financial Protection & Innovation 320 West 4th Street, #750 Los Angeles, CA 90013 (213) 576-7500 1-866-275-2677 <u>HAWAII</u> Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 <u>Agents for Service of Process:</u> Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722 <u>ILLINOIS</u> Illinois Attorney General Chief, Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465 <u>INDIANA</u> Secretary of State Securities Division Room E-018 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	<u>MARYLAND</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360 <u>Agent for Service of Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 <u>MICHIGAN</u> Franchise Section Consumer Protection Division 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor Lansing, MI 48913 (517) 335-7567 <u>MINNESOTA</u> Commissioner of Commerce Director of Registration 85 Seventh Place East, #280 St. Paul, Minnesota 55101-3165 (651) 539-1500 <u>NEW YORK</u> NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 Phone: (212) 416-8222 <u>Agents for Service of Process:</u> New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231 <u>NORTH DAKOTA</u> North Dakota Securities Department State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue Bismarck, North Dakota 58505 (701) 328-4712	<u>RHODE ISLAND</u> Department of Franchise Regulation 1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527 <u>SOUTH DAKOTA</u> Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, 2nd Floor Pierre, South Dakota 57501 (605) 773-3563 <u>VIRGINIA</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 <u>Agents for Service of Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 <u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760 <u>Mailing Address:</u> Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 <u>WISCONSIN</u> Department of Financial Institutions Division of Securities 201 W Washington Avenue, Suite 500, Madison, WI 53703 (608) 261-9555
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EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

RCVRASGA, LLC
455 Legends Place, Unit 304
Atlanta, Georgia 30339
(678) 707-8114

In states listed in EXHIBIT "A", the additional agent
for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"
TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]



FRANCHISE AGREEMENT

FRANCHISEE: [_____]
DATE: _____, 202____

TABLE OF CONTENTS

1.	DEFINITIONS	1
2.	GRANT OF FRANCHISE	5
3.	TERRITORIAL RIGHTS AND LIMITATIONS	5
4.	TERM AND RENEWAL	7
5.	TRAINING AND CONFERENCES	8
6.	OTHER FRANCHISOR ASSISTANCE.....	8
7.	COMMENCING OPERATIONS.....	11
8.	MANAGEMENT AND STAFFING.....	11
9.	FRANCHISEE AS ENTITY	11
10.	ADVERTISING & MARKETING.	12
11.	OPERATING STANDARDS.....	14
12.	FRANCHISE ADVISORY COUNCIL.....	18
13.	FEES	18
14.	BRAND PROTECTION COVENANTS.	21
15.	YOUR OTHER RESPONSIBILITIES.....	22
16.	INSPECTION AND AUDIT	24
17.	INTELLECTUAL PROPERTY	25
18.	INDEMNITY.....	26
19.	TRANSFERS.....	26
20.	TERMINATION	28
21.	POST-TERM OBLIGATIONS.	29
22.	DISPUTE RESOLUTION.....	30
23.	YOUR REPRESENTATIONS.....	31
24.	GENERAL PROVISIONS	31

ATTACHMENTS

ATTACHMENT "A"	Deal Terms
ATTACHMENT "B"	Franchise Owner Agreement
ATTACHMENT "C"	ACH Authorization Form
ATTACHMENT "D"	Confidentiality Agreement

RED BARN FRANCHISE AGREEMENT

This Red Barn Franchise Agreement (this “Agreement”) is entered into as of _____, 202__ (the “Effective Date”) between Red Barn Homebuyers, LLC, a Georgia limited liability company (“we” or “us”) and _____, a(n) _____ (“you”).

1. DEFINITIONS. Capitalized terms not defined above have the meanings given to them below:

“Account” means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §13.5.

“ACH Agreement” means the ACH Authorization Agreement attached as ATTACHMENT "C", which authorizes us to electronically debit your Account for all amounts owed to us and our affiliates.

“Acquisition Count” means the total number of properties purchased by you during the Term, but excluding properties purchased in Wholesaling Transactions.

“Acquisition Volume” means the total aggregate Purchase Price of all properties purchased by you during the Term, but excluding properties purchased in Wholesaling Transactions.

“Alternative Channels of Distribution” means marketing and sales conducted through direct marketing, such as over the Internet or through catalogs or telemarketing.

“Anti-Terrorism Law” means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

“Business” means the franchised business you operate pursuant to this Agreement.

“Business Data” means and includes any and all data regarding your operations, properties and clients, regardless of whether such data is collected by you, us or any other Person.

“Claim” means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory procedure, investigation or inquiry.

“Competing Business” means: (a) any business that includes House Flipping Transactions and/or Wholesaling Transactions; (b) any business that grants licenses or franchises to others for a real estate investment business that includes House Flipping Transactions and/or Wholesaling Transactions; or (c) any real estate investment activities conducted for one’s own financial benefit that include House Flipping and/or Wholesaling Transactions.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Definitive Agreements and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully possessed by you or an Owner, without obligation of nondisclosure, before we disclosed the information to you or the Owner; (c) is independently developed by you or an Owner without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you or to an Owner without breaching any obligation of confidentiality imposed on such third party.

“Confidentiality Agreement” means the Confidentiality Agreement that must be signed by certain of your employees pursuant to §14.5, the current form of which is attached as ATTACHMENT "D".

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of an RB Business.

“Definitive Agreements” means, collectively: (a) this Agreement; (b) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for an RB Business or any other franchised concept; and (c) all ancillary agreements executed in connection with the foregoing, including Franchise Owner Agreements.

“Dispute” means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the franchise; or (c) the relationship between the parties.

“Entity” means a corporation, partnership, limited liability company or other form of association.

“Equity Interest” means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in an Entity (including voting rights).

“Franchise Owner Agreement” means the Franchise Owner Agreement that must be signed by the Owners and their spouses pursuant to §9, the current form of which is attached as ATTACHMENT "B".

“Franchisee Entity” means the Entity, if applicable, that: (a) signs this Agreement as the franchisee (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

“General Release” means our then-current form of Waiver and Release of Claims you and your Owners must sign pursuant to §4.2 (in connection with a renewal of your franchise rights) or §19.2 (in connection with a Transfer).

“Government Official” means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World Bank); (d) political party or official thereof; or (e) candidate for political office.

“Governmental Authority” means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority.

“House Flipping Transaction” means a real estate investment activity pursuant to which you: (a) purchase a residential or commercial property; (b) complete renovations and/or home improvements intended to increase the marketability and value of the property; and (c) attempt to sell the improved property for a profit.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold in connection with an RB Business, (b) method of operation of an RB Business, (c) processes, systems, techniques or procedures utilized by an RB Business, (d) marketing, advertising or promotional materials, programs or strategies utilized by an RB Business or (e) trademarks, service marks, logos or other intellectual property utilized by an RB Business, whether developed by you, your Owners, your employees or any other Person.

“Indemnified Party” or “Indemnified Parties” means us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parents, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“Initial Fees” means the initial fees described in §13.1 that you pay to us in exchange for the training, coaching and other onboarding services described in such Section.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Interim Term” means a month-to-month extension of the Term under the circumstances described in §4.3.

“IP Dispute” means any: (a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person, other than us or our affiliate, of any rights in or to the Intellectual Property.

“Know-how” means and includes our (and our affiliates’) trade secrets and other proprietary information relating to the development, marketing and/or operation of an RB Business, including, but not limited to: methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; financial information; and information comprising the System or included in the Manual.

“Law” means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority.

“Lead Generation Program” means the marketing and lead generation program, administered by a marketing company we designate, to identify distressed “off the market” properties that may be suitable for House Flipping Transactions or Wholesaling Transactions.

“Listing Transaction” means a transaction pursuant to which you, under the authority of a real estate license: (a) refer a residential or commercial property owner to a licensed real estate agent to list the property for sale to the public; and (b) enter into a fee sharing arrangement with the real estate agent. Listing Transactions do not include the listing for sale of a property after the termination, expiration or Transfer of this Agreement unless we referred the property to you or you generated the lead within your Territory during the Term.

“Losses and Expenses” means and includes any of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys’ fees; experts’ fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party.

“Managing Owner” means the Owner that you designate and we approve who is primarily responsible for the overall management and supervision of the Business.

“Manual” means our confidential Web-Based Brand Standards Manual.

“Marks” means and includes all logos, service marks, trademarks and tradenames that we designate from time to time and authorize RB Businesses to use, including the RB crest logo.

“Owner” means a Person who either: (a) directly signs this Agreement as the franchisee, either alone or in conjunction with one or more other Persons; or (b) directly or indirectly through one or more intermediaries owns any Equity Interest in the Franchisee Entity (if the franchisee under this Agreement is an Entity).

“PCI-DSS” means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at <https://www.pcisecuritystandards.org> as of the Effective Date.

“Permitted Transfer” means: (a) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer that results in the Managing Owner owning less than 10% of the ownership interests in the Business or 10% of the Equity Interests in the Franchisee Entity, as applicable; and/or (b) a Transfer by the Owners to a newly established Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests.

“Person” means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

“Post-Term Restricted Period” means, with respect to you, a period of two (2) years after the termination, expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable then Post-Term

Restricted Period means a period of one (1) year after the termination, expiration or Transfer of this Agreement.

“Post-Term Restricted Period” means, with respect to an Owner, a period of two (2) years after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of his or her entire ownership interest in the RB Business or Franchisee Entity, as applicable; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable then Post-Term Restricted Period means: a period of one (1) year after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner’s Transfer of his or her entire ownership interest in the RB Business or Franchisee Entity, as applicable.

“Prohibited Activities” means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of 5% or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or an RB Business (this provision shall not prohibit the disclosure of truthful information to Governmental Authorities or to other franchisees); (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Person to transfer their business from an RB Business to a competitor. The ownership and operation of an RB Business pursuant to a valid Franchise Agreement with us or our affiliate is not a Prohibited Activity.

“Purchase Price” means the total sales price of the property as reflected on the final settlement statement prepared by the title agency.

“RB Business” or an “Red Barn Business” means a Red Barn real estate investment business, and may include Red Barn real estate investment business operated by us, our affiliate, you or another franchisee.

“RBC Software” means our proprietary Red Barn Central (RBC) software.

“Restricted Territory” means the geographic area within: (a) the Territory; and (b) any territory assigned to an RB Business operated by us, our affiliate, or another franchisee that is operational as of the Effective Date and remains in operation during all or any part of the Post-Term Restricted Period; *provided, however*, that if a court of competent jurisdiction determines the foregoing Restricted Territory is too broad to be enforceable then the Restricted Territory means the geographic area within the Territory.

“Shared Territory” means a territory we may grant to more than one (1) RB Business under the circumstances described in §3.1.

“Successor Agreement” means our then-current form of Red Barn Franchise Agreement you must sign pursuant to §4.2 in order to renew your franchise rights.

“System” means our system for the operation of an RB Business, the distinctive characteristics of which include: proprietary marketing and lead generation programs and strategies; proprietary property assessment and evaluation tools and know-how; proprietary software; methodologies and techniques; discount purchasing programs; personalized coaching programs; network of real estate investment professionals; and operating system.

“Technology Systems” means and includes all information and communication technology systems that we specify from time to time, including, without limitation, computer systems, point-of-sale system, property management systems, webcam systems, telecommunications systems, security systems, and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

“Term” means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the 5th anniversary of the Effective Date; or (b) the date this Agreement is effectively terminated.

“Territory” means the territory we grant to you in accordance with §3.1.

“Third-Party Technology” means any Technology Systems (or components thereof) that are owned by Persons who are not affiliated with us.

“Transfer” means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

- (a) this Agreement (or any interest therein);
- (b) the franchise or intellectual property rights granted by this Agreement (or any interest therein);
- (c) the Business you conduct pursuant to this Agreement (or any interest therein); or
- (d) an Equity Interest in the Franchisee Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Franchisee Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner, including the Laws of intestate succession

“Travel Expenses” means and includes all travel, meals, lodging, local transportation and other living expenses incurred: (a) by us and our trainers, field support personnel, auditors or other representatives to visit your Territory; or (b) by you and your personnel to attend training programs or conferences.

“Wholesale Profit” means either: (a) the difference between (x) the purchase price listed in the purchase contract that is paid to the property owner upon sale of the property and (y) the sales price paid by the buyer to you in exchange for your interest in the purchase contract (under a Wholesaling Transaction in which you do not purchase the property); or (b) the difference between the Purchase Price you pay for a property and the gross sales price you receive for such property (under a Wholesaling Transaction in which you purchase and resell the property).

“Wholesaling Transaction” means a transaction pursuant to which: (a) you enter into a purchase contract with a property owner for a specified purchase price; (b) you have a period of time to “sell” your interest in the purchase contract (and the associated performance obligations) to a third-party buyer for a total sales price higher than the purchase price listed in the underlying purchase contract; and (c) you retain the difference between the purchase price paid to the property owner upon sale of the property and the sales price paid to you by the buyer as profit (i.e., your Wholesale Profit). It also includes a transaction pursuant to which: (a) you purchase a property and resell it within five (5) days of the purchase; and (b) you retain the difference between the Purchase Price you pay for the property and the gross sales price you receive for such property as profit (i.e., your Wholesale Profit). It also includes a transaction, known as a “novation”, where you enter into a contract with a property owner pursuant to which: (a) you complete certain upgrades or improvements to the property prior to listing with MLS; (b) the owner receives the proceeds from the sale of the property up to a stipulated price; and (c) you receive the balance of the proceeds from the sale of the property in excess of the stipulated price.

2. **GRANT OF FRANCHISE.** We hereby grant you a license to own and operate a Red Barn Business using our Intellectual Property solely within the Territory described in §3.1. You will operate your Business as a “home-based” business. You may engage in House Flipping Transactions, Wholesaling Transactions, Listing Transactions and any other activities or transactions we authorize pursuant to §11.3. We reserve all rights not expressly granted to you.

3. **TERRITORIAL RIGHTS AND LIMITATIONS.**

- 3.1. **Grant of Territory.** We hereby grant you a territory consisting of the geographic area identified in Part B of ATTACHMENT “A” (your “Territory”). Your Territory includes a minimum population of 250,000 (as of the date we designate your Territory). If your Territory includes a population in excess of 500,000, we may require that you share your Territory with one (1) or more other RB Businesses (a “Shared Territory”). However, we will permit no more than one (1) RB Business to be operated within the Shared Territory for every 250,000 people that reside therein (measured as of the date we grant franchise rights to any such other RB Business). All population determinations will be based on the most recent United States Department of Commerce Census Bureau census data. Once your Territory is established, we have no obligation to modify your Territory (or reduce the number of RB Businesses permitted to operate in your Shared Territory, if applicable) based on subsequent changes to population.

- 3.2. **Extraterritorial Marketing.** You may not conduct targeted marketing that is directed into an area outside your Territory for purposes of soliciting properties or property owners. Marketing that is distributed, circulated or received both within your Territory and within an area outside your Territory is not deemed to be “targeted marketing” if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas within your Territory; and (b) the majority of the recipients of the advertising are located within your Territory and there is only incidental circulation or distribution outside your Territory. The meaning of “targeted marketing” that is “directed into an area” may be further defined in the Manual, but examples include direct mail sent to addresses within a given area, purchasing advertising on billboards located in a given area, digital advertising sent to devices with IP addresses registered within a given area and setting up promotional events that take place in a given area.
- 3.3. **Extraterritorial Operations.** You must operate your Business solely within your Territory. You may, however, conduct a real estate investment transaction involving a property located outside your Territory if either: (a) we refer the lead to you; or (b) you receive the lead through passive means and not as a result of targeted marketing that you direct into an area outside your Territory (for example a property owned by a friend, family member or preexisting client who contacts you and requests your involvement, or a property owned by a Person who was solicited by you within your territory). The fees imposed under this Agreement apply equally to properties located inside and outside your Territory and regardless of the source of the lead.
- 3.4. **Territorial Rights and Protections.** Provided that you remain in compliance with this Agreement:
- (i) your Business will be the only RB Business authorized to operate within your Territory (except as otherwise provided in §3.1 if your Territory is a Shared Territory);
 - (ii) only you and any other RB Business we authorize to operate in your Territory (if you have a Shared Territory) may conduct targeted marketing that is directed into your Territory; and
 - (iii) only you and any other RB Business we authorize to operate in your Territory (if you have a Shared Territory) will receive leads from us for properties located in your Territory.

We reserve the right to:

- (i) acquire, or be acquired by, a competitive business, even if the competitive business has outlets operating in your Territory; *provided, however*, that any such outlets operating in your Territory will not be authorized to use our Marks without your consent; and
- (ii) conduct and/or sell, and grant rights to third parties to conduct and/or sell, competitive real estate investment services and activities through Alternative Channels of Distribution, including within your Territory.

You are not granted an exclusive territory. You have no territorial rights or protections other than those expressly set forth above. Without limiting the generality of the foregoing, RB Businesses that are not authorized to operate in your Territory may conduct real estate investment transactions involving properties located in your Territory as long as they do not obtain the leads as a result of targeted marketing directed into your Territory. We may terminate the territorial protections described above under the circumstances described in §3.5 below.

- 3.5. **Loss of Territorial Rights.** If you choose to discontinue use of the Lead Generation Program in accordance with §6.3 and you fail to close a minimum of one (1) deal during any 12-month period commencing with the date you discontinue use of the Lead Generation Program, then we have the right, in our sole discretion, to eliminate your territorial protections set forth in §3.4, in which case you will no longer have any territorial rights or protections. If you subsequently resume use of the Lead Generation Program and pay the Lead Generation Fee for a minimum three (3)-month period, your territorial protections set forth in §3.4 will be reinstated subject to any additional RB Businesses that we authorized to operate in your Territory during such time that you did not have territorial protections. Upon reinstatement, your territorial protections will remain in effect until

such time that you choose to discontinue the Lead Generation Program once again and fail to close at least one (1) deal during any subsequent 12-month period after discontinuation. We may also terminate your territorial rights in accordance with §13.2(f) if you fail to pay us the minimum annual royalty fee.

4. TERM AND RENEWAL.

4.1. **Generally.** This Agreement grants you the right to operate your Business only during the Term. Provided that you satisfy all conditions for renewal specified below, you may enter into a maximum of three (3) Successor Agreements following the expiration of the Term. The Successor Agreement shall be the current form of franchise agreement we use in granting franchises as of the expiration of the Term or renewal term, as applicable, the terms of which may vary materially and substantially from the terms of this Agreement. Upon renewal, we reserve the right to modify the boundaries of your Territory (as well as the formula used to determine the maximum number of RB Businesses that may be established within a Shared Territory) in accordance with our then-current territory guidelines and criteria. Each renewal term will be five (5) years. The parties may agree to further renewals after expiration of the third (3rd) renewal term, but neither party is obligated to do so (unless required by applicable state Law, in which case the same renewal terms and conditions set forth in this Agreement shall apply to subsequent renewals). If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement and your remaining renewal rights, if any

4.2. **Renewal Requirements.** In order to enter into a Successor Agreement, you and the Owners (as applicable) must:

- (i) notify us in writing of your desire to enter into a Successor Agreement not less than 210 days nor more than 270 days before the expiration of the Term or renewal term, as applicable;
- (ii) not be in default under any Definitive Agreement at the time you send the renewal notice or sign the Successor Agreement;
- (iii) sign the Successor Agreement and all ancillary documents we require franchisees to sign;
- (iv) sign a General Release;
- (v) pay us a \$1,000 renewal fee; and
- (vi) upgrade your Technology Systems and equipment to conform to our then-current standards and specifications.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

4.3. **Interim Term.** If you do not sign a Successor Agreement but continue to operate your Business after the expiration of the Term, we may either treat this Agreement as: (a) expired as of the Term expiration date with you operating in violation of our rights; or (b) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination

of this Agreement will be deemed to take effect upon the termination of the Interim Term.

5. TRAINING AND CONFERENCES

- 5.1. **Initial Training Program.** The Managing Owner and your designated manager, if any, must successfully complete our initial training program before you open your Business. If you hire a new designated manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new designated manager or Managing Owner, as applicable, must successfully complete our then-current initial training program before becoming involved with the management or supervision of your Business.
- 5.2. **Ongoing Training Programs.** We may offer periodic refresher or supplemental training courses for your Managing Owner and designated manager. We may designate each course as mandatory or optional. If we determine your Business is not being operated in full compliance with this Agreement and the Manual, we may require that your Managing Owner and designated manager attend remedial training relevant to your operational deficiencies. We may, but need not, provide additional assistance or training requested by you at a mutually convenient time.
- 5.3. **Training Locations & Online Resources.** Our training programs may take place at any location we designate. We reserve the right to conduct training programs virtually.
- 5.4. **Training Fees and Expenses.** We provide our preopening initial training program in exchange for the Initial Fees described in §13.1. We may charge a training fee of up to \$500 per Person per day for any Person who attends: (a) initial training after you open your Business; (b) remedial training; (c) additional training requested by you; or (d) refresher or supplemental training. If we provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur (this reimbursement obligation does not apply to any onsite training we provide as part of our initial training program prior to your opening date). You are responsible for all wages and Travel Expenses you and your personnel incur to attend training programs.
- 5.5. **Conferences.** We may hold periodic conferences to discuss business and operational matters relevant to franchisees. Attendance is optional. If you choose to attend a conference, we may charge you a conference registration fee of up to \$500 per attendee. You are responsible for all wages and Travel Expenses you and your personnel incur to attend conferences.

6. OTHER FRANCHISOR ASSISTANCE.

- 6.1. **Manual.** During the Term, we will provide you with access to our Manual, which will help you establish and operate your Business. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.
- 6.2. **Red Barn Central (RBC) Software.** We hereby grant you a license to utilize our proprietary RBC Software during the Term solely for purposes of operating your Business. You must utilize the RBC Software in the manner we specify in the Manual, including entering all data we require in the time we specify. Our current technology fee imposed pursuant to §11.6 includes a license to utilize the RBC Software and covers any required maintenance, support or updates. We reserve the right to increase this fee based on additional features or functionality added and/or additional costs we incur (either directly or indirectly based on increased prices charged by third-party licensors from whom we may license certain components of the RBC Software). We also apply a portion of the Initial Fees described in §13.1 to cover the pre-opening support we provide with respect to RBC Software training and setup services. At any time during the Term, we may require that you sign a software license agreement, which will govern the terms under which you may utilize the RBC Software. We reserve the right to modify or discontinue use of the RBC Software at any time upon written notice to you.
- 6.3. **Lead Generation Program.**
- (a) **Nature of Program.** We developed a relationship with an unaffiliated marketing company

that administers the Lead Generation Program to identify distressed “off the market” properties that may be suitable for House Flipping Transactions or Wholesaling Transactions and refer these opportunities to you. The marketing company utilizes the Lead Generation Fee you pay pursuant to §6.3(b) to implement the Lead Generation Program. The marketing company will send you any leads it generates from the Lead Generation Program using Lead Generation Fees paid by you.

- (b) Lead Generation Fee. You must pay the marketing company a Lead Generation Fee of \$3,000 per month; *provided, however*, that: (i) you have the option to pay a higher monthly Lead Generation Fee; and (ii) commencing with your fourth (4th) month of operation, you have the option to pay a lower monthly Lead Generation Fee (subject to the \$1,000 per month minimum) in accordance with §6.3(c). You must pay the first installment of the Lead Generation Fee prior to the launch of your lead generation program. Each subsequent installment will be due on the first (1st) day of each month, commencing the month after you open your Business.
- (c) Program Modification or Discontinuation. Commencing with your fourth (4th) month of operation, you have the option to: (i) discontinue use of the Lead Generation Program and cease payment of the Lead Generation Fee; or (ii) continue use of the Lead Generation Program and continue payment of a Lead Generation Fee (but you may change the amount of the Lead Generation Fee to any amount equal to or greater than \$1,000 per month).
- (d) Unconverted Leads. If you evaluate a property referred to you through the Lead Generation Program and decide it is not suitable for a House Flipping Transaction or Wholesaling Transaction (or you are unsuccessful in your efforts to complete a Wholesaling Transaction), you may either: (i) refer the property owner to a licensed real estate agent to list the property for sale in a Listing Transaction (if you hold the appropriate real estate license); or (ii) send the lead to us. Any lead sent to us may be referred to our affiliated real estate company, Red Barn Realty Group, LLC (“RB Realty”). If RB Realty lists the property (either directly or indirectly through a licensed agent in your state) and the property sells, you will receive a credit against future royalty fees in the amount calculated as the full commission generated from the transaction less (i) the commission due to the seller’s agent and (ii) 10% of the total listing-side commission generated from the transaction, which is paid to RB Realty. The credit reflects our “purchase” of the lead to enable RB Realty to list the property. Any credits you earn will accrue on a quarterly basis. Within 15 days after the end of each quarter, we will send you a report listing the total credits earned during the quarter. The credits reflected in the report will be applied against royalty fees owed commencing with the first transaction that closes after issuance of the report.
- (e) Limitations and Waivers. We do not guarantee or represent that the Lead Generation Program will be successful in generating suitable purchasing opportunities for you. The leads are generated by our designated marketing company. We do not screen, contact or otherwise vet the leads before the marketing company sends them to you. You hereby: (i) understand and agree that all leads are sent to you on an “as is basis”; and (ii) waive any and all Claims against us and our affiliates relating to your interactions and business transactions with leads that our designated marketing company sends to you.

6.4. Tools, Resources and Support. We will provide you with access to various tools, resources and support. We reserve the right to periodically change the tools, resources and support that we make available to you. The tools, resources and support that we currently provide include the following:

- (i) Weekly Live Training Programs;
- (ii) Personalized Coaching;
- (iii) Use of Proprietary Software;

- (iv) Done-For-You Marketing Program;
- (v) Access to Hard Money Lender(s);
- (vi) National Material Discount Program;
- (vii) Construction & Renovation Support;
- (viii) Exclusive Accounting System; and
- (ix) National Member Events.

The Initial Fees described in §13.1 cover certain of these services. We do not charge any additional fees for the other services described above.

- 6.5. General Guidance.** We will periodically review and evaluate your Business and reports you submit to us and provide our guidance and recommendations on ways to improve the operation of your Business. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by phone, email or other means of communication. However, any transaction-specific (or property-specific) guidance or support we provide will be governed by §6.7 below.
- 6.6. Field Visits.** We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Business. We may prepare and provide you with a report detailing any problems or concerns observed during the field visit together with our instructions to address or resolve such problems or concerns. You must implement all required corrective measures in the time and manner we specify.
- 6.7. Personal Coaching and Transactional Support.** We provide you with personal coaching designed to help guide you through the first 20 transactions you close (either House Flipping Transactions, Wholesaling Transactions, Listing Transactions, or any combination thereof). This personal coaching does not include support with the renovation, remodeling, repair or construction of any properties you acquire. You may request that we provide our guidance and recommendations with respect to the renovation, remodeling, repair or construction of properties you acquire. We have no obligation to provide this support, but may do so at our discretion. The Initial Fees described in §13.1 cover the coaching we provide for the first 20 transactions you close. We may charge you a coaching and support fee of \$100 per hour for: (a) any personal coaching you request in connection with any transaction that occurs after you have closed your initial 20 transactions; and (b) any guidance and recommendations you request relating to the renovation, remodeling, repair or construction of any property you acquire. If we agree to provide any personal coaching, guidance or other support onsite within your Territory, you must also reimburse us for all Travel Expenses we incur.
- 6.8. Website and Microsite.** We may develop and maintain a corporate website for our brand. We will also develop and host a local microsite for your Business, which will include such information about your Business as we deem appropriate. We control all content on your microsite but will consider information you suggest in good faith. We will own our website and your microsite and the associated domain names at all times. We may change or discontinue the website and/or your microsite at any time. We will use a portion of the technology fee to cover our costs to develop, host and maintain your microsite. We also apply a portion of the Initial Fees described in §13.1 towards the assistance we provide in designing and setting up your microsite.
- 6.9. Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for franchisees. We will arrange for you to be able to purchase the goods or services directly from the supplier at the discounted prices we negotiate (subject to any rebates the supplier pays to us). We may also purchase goods from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup. We apply a portion of the Initial Fees

described in §13.1 towards coordinating orientation meetings with vendor discount partners and facilitating training on the various vendor partner platforms.

6.10. Financing. Our affiliate, Red Capital LLC, may but need not offer loan brokering services if you wish to procure financing for the acquisition and/or renovation of investment properties. Our affiliate is not required to offer this service to you, and if it does, it makes no representation or guarantee that its efforts to procure a lender willing to offer you financing on terms and conditions you deem acceptable will be successful.

7. COMMENCING OPERATIONS. You must open your Business to the public within 150 days after the Effective Date. You may not open your Business prior to receipt of a written authorization to open issued by us. We will not issue an authorization to open before: (a) the Managing Owner and your designated manager, if any, successfully complete our initial training program; (b) you purchase all required insurance policies and provide evidence of coverage; (c) you obtain all required licenses, permits and approvals from Governmental Authorities; and (d) you fulfill all of your other preopening obligations under this Agreement and the Manual. Your Business is deemed “open” at the time we issue our written authorization to open.

8. MANAGEMENT AND STAFFING.

8.1. Owner Participation. You must designate an Owner who will have overall responsibility for the management and operation of your Business (the “Managing Owner”). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; (c) provide onsite management (i.e., by visiting properties for inspection purposes or to supervise remodeling or renovations being performed) unless you hire a designated manager; and (d) at all times own at least 10% of the ownership interests in the Business or 10% of the Equity Interests in the Franchisee Entity, as applicable. Any new Managing Owner you appoint must successfully complete our then-current initial training program before becoming involved with the supervision, management or operation of the Business.

8.2. Designated Manager. You may hire a designated manager to assist the Managing Owner with the management of your Business. Any Person you hire as a designated manager must: (a) successfully complete all training programs we require; and (b) sign a Confidentiality Agreement. Either the Managing Owner or a designated manager must dedicate full-time efforts to the management and operation of your Business. The Managing Owner must monitor and supervise the designated manager to ensure the Business is operated in accordance with this Agreement and the Manual.

8.3. Employees. You must determine appropriate staffing levels for your Business to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Business. You must pay all wages, commissions, fringe benefits, worker’s compensation premiums and payroll taxes (and other withholdings required by Law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business Entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, hours worked, rates of pay, benefits, work assignments, training and working conditions. We do not provide guidance or advice on these matters. You must require that your employees sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer.

9. FRANCHISEE ENTITY. You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity’s organizational documents

and a current Certificate of Good Standing. Each Owner of the Franchisee Entity, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

10. ADVERTISING & MARKETING.

10.1. Brand and System Development Fund. We may, but need not, establish and maintain a brand and system development fund to promote public awareness of our brand and improve our System. At such time that we notify you in writing that we have established the brand fund, you must commence paying us a brand fund fee equal to 10% of each Acquisition Royalty Fee. Each brand fund fee shall be due at the same time and in the same manner as the associated Acquisition Royalty Fee. We may use the fund to pay for any of the following in our sole discretion:

- (i) developing, administering or distributing advertising and marketing materials and programs;
- (ii) conducting and administering promotions, contests or giveaways;
- (iii) public and consumer relations and publicity;
- (iv) brand development;
- (v) sponsorships and charitable and non-profit donations and events;
- (vi) research and development of technology, products and services;
- (vii) website development and search engine optimization;
- (viii) development, maintenance and promotion of an ecommerce platform;
- (ix) development and implementation of quality control programs;
- (x) conducting market research;
- (xi) changes and improvements to the System;
- (xii) reimbursing us for costs we incur to host franchisee conferences;
- (xiii) fees and expenses charged by advertising agencies we engage to provide marketing services;
- (xiv) collecting and accounting for brand fund fees and preparing financial accountings of the fund;
- (xv) any other programs or activities we deem appropriate to promote or improve the System; and
- (xvi) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates relating to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, employees or independent contractors based on time spent working on any brand fund matters described above.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to marketing or advertising activities. Any surplus in the fund may be invested and we may lend money to the fund if there is a deficit. The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. We will prepare, and make available to you upon request, an annual statement of fund operations, including deposits and disbursements. In terms of marketing activities paid for by the fund, we do not ensure that: (a) expenditures in (or affecting) a given geographic area are proportionate or equivalent to the brand fund fees paid by franchisees in that geographic area; or (b) franchisees benefit directly or in proportion to their brand fund fees. We may suspend or discontinue the fund at any time in our sole discretion upon 30 days' prior notice.

10.2. Marketing Assistance From Us. We will allow you to utilize the Lead Generation Program described in §6.3 (participation is mandatory the first three (3) months). In addition, we will

provide you with access to our marketing plan, specially designed for use by an RB Business, to enable you to generate additional leads using your own marketing efforts. The marketing plan may be included in the Manual. We may create and make available to you advertising and other marketing materials for your purchase. We may: (a) use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge; (b) provide online access to these materials, in which case you must print the materials at your expense; and/or (c) contract with third-party suppliers to create and sell these materials to you. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

10.3. Your Marketing Activities.

- (a) Generally. You are not required to spend any minimum amount on local advertising to promote your Business other than payment of Lead Generation Fees and brand fund fees (if we establish a brand fund). However, you agree to participate at your own expense in all advertising, promotional and marketing programs we require.
- (b) Standards for Advertising. All advertisements and promotions you create or use must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must follow any policies we establish from time to time governing a franchisee's right to engage in marketing or advertising outside of the franchisee's territory. Without limiting the generality of the foregoing, you must strictly comply with the terms of §3.2.
- (c) Approval of Advertising. Prior to use, we must approve all advertising and marketing materials and programs you intend to use, including: (i) all advertising and marketing materials we did not prepare or previously approve; and (ii) any materials we prepare or approve and you modify. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved or that we approve and later disapprove. We have 15 days to review and approve or disapprove advertising and marketing materials and programs you submit. Our failure to issue our approval within the 15-day period constitutes our disapproval. Any advertising you propose and we approve will be deemed an "Improvement" for purposes of §17.5.
- (d) Social Media. You may advertise and market using social media, provided that:
 - (i) you do not use or display our Marks without our prior written approval;
 - (ii) you only utilize social media platforms we approve;
 - (iii) you strictly comply with our social media policy (as revised from time to time);
 - (iv) you immediately remove any post we disapprove (even if the post complies with our social media policy);
 - (v) you contract with and exclusively utilize any social media company we designate;
 - (vi) you provide us with full administrative rights to the social media accounts; and
 - (vii) we retain ownership of all social media accounts relating to your Business.
- (e) Internet and Websites. We will provide you with a microsite for your Business as further described in §6.8. Without our prior approval, which we may withhold in our sole discretion, you may not: (i) develop, host, create or otherwise maintain your own website or other online or digital presence in connection with your Business, including any website bearing our Marks; (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce. If we grant our approval to maintain a website, you may do so provided that:
 - (i) you obtain our approval of: (a) the website's domain name (which we will own); (b)

the website's design, layout and webpages; (c) all designs, artwork, graphics and images displayed on the website; (d) all content on the website (and all changes to the content); and (e) all uses and manner of display of our Marks;

- (ii) your website conforms to all of our standards, specifications, policies, procedures and other requirements for websites, whether set forth in the Manual or otherwise;
- (iii) your website does not include any material in which a third party has any direct or indirect ownership interest (including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which a third party may claim intellectual property rights);
- (iv) you establish and implement a privacy policy that complies with applicable Law; and
- (v) you include on your website, in the manner we require, all hyperlinks or other links we require.

You will be solely responsible for all costs associated with the development, hosting and maintenance of the website. However, we will be the exclusive owner of the website and all of its content. We will also be the exclusive owner of the website's domain name and associated URL.

11. OPERATING STANDARDS.

11.1. Generally. You must operate your Business in full compliance with this Agreement, the Manual and our standards in order to maintain the goodwill associated with the Marks.

11.2. Brand Standards Manual. You must develop and operate your Business in strict compliance with the Manual. The Manual may contain, among other things:

- (i) a description of the authorized goods, services and transactions you may conduct, sell or provide;
- (ii) specifications, techniques, methods, operating procedures and quality standards;
- (iii) a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Business and (b) designated and approved suppliers; and
- (iv) policies and procedures pertaining to: (a) reporting; (b) insurance; (c) marketing and advertising; (d) data ownership, protection, sharing and use; and (e) any other matters we deem appropriate.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. We can modify the Manual at any time. Modifications are binding at the time we notify you of the change, subject to any "grace period" we provide to implement the change. All mandatory provisions in the Manual (whether included now or in the future) are binding on you.

11.3. Authorized Goods and Services. You may only offer and sell the goods and services we authorize from time to time. You may only conduct and engage in the specific types of real estate investment activities and transactions we authorize from time to time. Currently, the scope of real estate investment activities you are authorized to conduct is limited to: (a) House Flipping Transactions; (b) Wholesaling Transactions; and (c) Listing Transactions (but only if you hold any required real estate license). You may choose to engage in some, but not all, of these types of authorized real estate investment activities and transactions. You may not engage in any other activities, provide any other services, or sell any other goods or services without our approval. Without limiting the generality of the forgoing, you are strictly prohibited from: (a) offering, providing or selling tax, financial planning or investment advice to third parties in any way that relates to your Business or involves our Marks; (b) offering real estate-related securities or tax shelter programs (for example,

offering to third parties interests in a real estate investment trust or participation rights in a syndicated conservation easement transaction); or (c) listing any property for sale as seller's agent (even if you hold a real estate license) if we referred the lead to you or you generated the lead during the Term. You may not use your Business (or permit your Business to be used) for any purpose other than offering and selling the goods and services, and conducting the real estate investment activities and transactions, that we authorize. We may change the goods and services you may sell and/or the types of real estate investment activities and transactions you may conduct. You must comply with any such change upon notice from us. Our modification of the scope of authorized goods, services and/or real estate investment activities shall not constitute a termination of this Agreement.

11.4. Suppliers and Purchasing.

- (a) Generally. You must purchase, lease or license, as applicable, all goods, services and other items required by the Manual. You must only purchase goods and services that satisfy all standards and specifications we designate. You must comply with all sourcing and supplier restrictions we impose from time to time.
- (b) System Suppliers. In accordance with the Manual, you must purchase certain goods and services exclusively from suppliers we designate or approve. The Manual may designate us or our affiliate as a designated or approved supplier. We and our affiliates may generate a profit from these purchases. Our right to specify the suppliers you use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and operation of Red Barn Businesses, protect our trade secrets, negotiate bulk purchase discounts and protect the reputation and goodwill associated with our System and Marks. You must immediately discontinue purchasing from any supplier we disapprove.
- (c) Approval Process. If you wish to purchase alternative goods or services or you wish to purchase from an alternative supplier, you must send us a request for approval that: (i) identifies the proposed supplier and the goods/services to be purchased; (ii) includes all information we require about the goods/services and the supplier (including the supplier's qualifications, reputation, financial strength and production capabilities); and (iii) includes product samples for examination and testing purposes. We may condition our approval on the supplier's agreement to comply with our minimum insurance, indemnification and confidentiality requirements for system suppliers. We will approve or disapprove your request within 30 days after we receive all required information and samples. Your request is deemed disapproved if we fail to issue our approval within the 30-day period. We need not consider substitute goods or alternative suppliers for goods that are proprietary or branded with our Marks.
- (d) Payment Disputes. You understand that: (i) your failure to timely pay a system supplier may jeopardize the supplier's relationship with us and other franchisees; and (ii) a supplier's termination of its relationship with us or refusal to supply goods or services to our franchisees may cause significant harm to us and our franchisees. Accordingly, you agree to promptly pay all amounts owed to system suppliers except as otherwise permitted by this Section. If you have a bona-fide dispute with a supplier that you believe justifies non-payment or partial payment, you must promptly notify the supplier of the particulars of your Claim and diligently pursue resolution of the Claim or prosecution of appropriate legal action. Any trade debt that remains unpaid more than 30 days after its due date constitutes a material breach of this Agreement unless, before the end of the 30-day period: (i) you and the supplier agree to alternative payment terms; or (ii) you initiate appropriate legal action to contest the trade debt.
- (e) Supplier Payments. We may receive rebates, benefits and other consideration from suppliers based on your purchases, leases or licenses. We may retain these payments as compensation

and reimbursement for time and expenses we incur to negotiate and manage supplier relationships. We have no obligation to pass them through to you or use them for any particular purpose (except as otherwise agreed to by us and a supplier).

- (f) **Disclaimer of Liability.** Provided that we designate or approve system suppliers in good faith, we have no liability to you for their acts, errors or omissions including, without limitation, defective or tainted goods, delayed delivery or inability to meet demand. With respect to goods purchased from us or our affiliate, you acknowledge that we or our affiliate purchase the goods from third-party manufacturers or suppliers and resell them to you as a convenience. If you have any type of Claim relating to the purchase of goods or services from a system supplier, your sole recourse shall be against the supplier. If we or our affiliate are the supplier, your sole recourse shall be against the manufacturer or supplier from whom we or our affiliate acquired the goods unless both: (i) the Claim arises from our (or our affiliate's) failure to supply the goods in breach of our obligations under this Agreement; and (ii) our (or our affiliate's) failure to supply the goods is not caused by a Force Majeure event. ***We and our affiliates make no warranties or representations and expressly disclaim all warranties and representations, including the implied warranties of merchantability and fitness for a particular purpose, with respect to goods or services you purchase from system suppliers.***

11.5. Equipment Maintenance and Changes. You must maintain your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment. Our right to require significant equipment changes is critical to our ability to administer and change the System and you must comply with these changes within the time period we reasonably specify.

11.6. Technology Systems.

- (a) **Generally.** You must acquire and utilize all Technology Systems we require from time to time. Technology Systems may relate to matters such as: purchasing; pricing; accounting; order entry; inventory control; property management; security; data storage, retrieval and transmission; customer information; customer loyalty; marketing; communications; copying, printing and scanning; or any other business purpose we deem appropriate. We may require that you acquire new or substitute Technology Systems and/or replace, upgrade or update existing Technology Systems at your expense upon reasonable prior notice. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of your Technology Systems; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems.
- (b) **Use and Access.** You must use Technology Systems in accordance with the Manual and comply with all associated data entry policies. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected through your Technology Systems. Upon request, including upon termination or expiration of this Agreement, you must provide us with user IDs and passwords for your Technology Systems.
- (c) **Disruptions.** You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems and attacks by unauthorized Persons. Upon request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.
- (d) **Third-Party Technology.** You understand and agree that we and our affiliates: (i) do not own certain Technology Systems (or components thereof) that you must use to operate your

Business (i.e., Third-Party Technology); and (ii) have no liability to you for any losses, damages or expenses you incur as result of Third-Party Technology not functioning properly. Accordingly, you hereby: (i) waive any and all Claims against us or our affiliates relating to Third-Party Technology; and (ii) acknowledge your sole recourse for any liabilities, losses, damages or expenses you incur due to improperly functioning Third-Party Technology shall be against the owner or licensor of such Third-Party Technology.

- (e) **Fees and Costs.** You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading Technology Systems. Certain Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary Technology Systems (or components thereof) that become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, sign our prescribed form of license agreement governing use of proprietary Technology Systems (or components thereof). We may enter into master agreements with licensors of Third-Party Technology and charge you for amounts we pay them based on your use of their Third-Party Technology. The technology fee includes all amounts you pay us and our affiliates relating to Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to suppliers of Third-Party Technology. The technology fee may change based on changes to Technology Systems or prices charged by third parties with whom we enter into master agreements. The technology fee may include a reasonable administrative fee for the time, money and resources we invest to administer the technology platform and associated components, negotiate and manage contracts with third-party licensors, and collect and remit technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include amounts you pay directly to third-party suppliers. The technology fee is due 10 days after invoicing or as we otherwise specify. We list the current technology fee in the Manual. As of the Effective Date, our technology fee consists of a one-time initial implementation fee of \$500, which is due upon execution of this Agreement, and a \$260 monthly licensing fee, commencing the first (1st) day of the first (1st) month after you sign this Agreement. The current technology fee covers: (i) a license to use the RBC Software, Investorlift and BatchLeads; (ii) the costs to develop, host and maintain the microsite we provide for your Business; and (iii) tech support for RBC. We may increase the technology fee up to 10% per year upon 30 days' prior notice. If we choose not to increase the fee by 10% for a given year, any unapplied increase that is not used will carry forward and may be applied in a subsequent year, in which case the total increase for that subsequent year may exceed 10%.

- 11.7. Standards of Service and Professionalism.** You and your staff must ensure all interactions with property owners, investors and other Persons relating to your Business are conducted in a professional and ethical manner. You must also treat your employees and our staff with honesty and respect. You understand that your breach of this Section may significantly damage the goodwill associated with our Marks and our System.
- 11.8. Failure to Comply with Standards.** You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a breach of our standards or operating procedures (including failure to submit required reports in a timely manner) and you fail to correct the noncompliance within the period of time we prescribe, then, in addition to any other remedies available to us under this Agreement, we may impose a noncompliance fee of \$500 per occurrence. We may impose an additional \$500 fee every 48 hours the same noncompliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. Our acceptance of noncompliance fees shall not be construed as a waiver of any of our rights or remedies under this Agreement and we retain the right to terminate this Agreement in accordance with §20.2 should the default continue after we collect these amounts.

12. **FRANCHISE ADVISORY COUNCIL.** We may, but need not, create a franchise advisory council to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We would consider all suggestions in good faith, but would not be bound by them. The council would be established and operated according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the council. You would have the right to be a member of the council as long as you are not in default under this Agreement and you do not act in a disruptive, abusive or counter-productive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other members of the council. Each member would be granted one vote on all matters on which members are authorized to vote.

13. **FEES**

13.1. **Initial Training, Coaching and Onboarding Fees.** You must pay us \$34,500 in non-refundable initial fees for the various training, coaching and other onboarding services described in the table at the end of this Section (collectively, the “Initial Fees”). The Initial Fees are fully earned and nonrefundable once this Agreement is signed. We offer a 10% discount on the Initial Fees if the Person holding a 50% or greater ownership interest in your Business (or the entity that is the franchisee under this Agreement) is an honorably discharged veteran of the armed forces of the United States and provides a DD214 certificate.

Initial Training, Coaching and Onboarding Fees	
Service Provided	Initial Fee* (Veteran Discount)
Covers our 30-day Real Estate Investing Operational Training Program that we provide prior to opening. This intensive training program educates you on all essential aspects of the business model and equips you to conduct your own real estate investing business utilizing our System.	\$8,000 (\$7,200)
Covers our 90-day Real Estate Investing Sales Training Program that we provide after you sign this Agreement. This intensive training program educates you on all aspects specific to sales in the context of acquiring off-market properties from motivated seller leads.	\$6,000 (\$5,400)
Covers a series of pre-opening Marketing Strategy Development meetings and a 90-day Novation’s Training Program we conduct for purposes of developing and implementing a specific real estate lead acquisition strategy based on market research specific to your assigned territory and your unique goals.	\$7,500 (\$6,750)
Covers a series of pre-opening onboarding related sessions we conduct specific to business setup, vendor education and platform orientation to fully prepare you for launch.	\$2,500 (\$2,250)
Covers the pre-opening RB Central setup services and support we provide, including support with: development of email and text campaigns; creation of an assigned microsite; assignment of a unique phone number into the CRM system; and integration of your contact information into the CRM system.	\$2,500 (\$2,250)
Covers coordination of orientation meetings with vendor discount partners and facilitation of training on various partner platforms that takes place during the initial 30 days after Effective Date.	\$500 (\$450)
Covers periodic one-on-one coaching sessions we provide to you during the initial 30 days after the Effective Date for purposes of: discussing your goals; implementing your strategies; assisting you with deal analysis; assisting you with utilizing RB Central and other franchise resources; answering your questions; and fully equipping you to operate your Business.	\$7,500 (\$6,750)
Total	\$34,500 (\$31,050)

- * The Initial Fees listed in parenthesis are the discounted fees you pay us if you qualify for the veteran discount.

Unless you finance a portion of the Initial Fees through our affiliate, the Initial Fees are due in full upon execution of this Agreement.

13.2. **Royalty Fee.**

- (a) **Generally.** We impose three (3) types of royalty fees, which vary depending on the nature of the transaction. You must pay: (i) an Acquisition Royalty Fee for each property you acquire during the Term (excluding any property you purchase and resell in a Wholesaling Transaction); (ii) a Wholesaling Royalty Fee for each Wholesaling Transaction you close; and (iii) a Listing Royalty Fee for each Listing Transaction that results in the sale of the property. You will only pay one royalty fee for any given transaction. Each royalty fee is imposed on a “per transaction” basis. The escrow agent must pay the royalty fee by wire transfer at the time the underlying transaction closes. The specific royalty fee you pay may vary depending on the royalty fee “tier” applicable to your Business at the time you consummate the transaction giving rise to the royalty fee. You begin at the “Alpha” tier and automatically move up tiers by meeting either: (i) the Acquisition Count associated with the next tier; or (ii) the Acquisition Volume associated with the next tier.
- (b) **Acquisition Royalty Fee.** In connection with each property you acquire (excluding properties purchased in Wholesaling Transactions), you must pay us an Acquisition Royalty Fee based on the total Purchase Price you pay for the property. The Acquisition Royalty Fee is imposed on, and payable at the time of, your acquisition of the property, regardless of whether you ultimately sell the property. The table below sets forth the various royalty fee tiers, the criteria to move up a tier and the applicable Acquisition Royalty Fee:

ACQUISITION ROYALTY FEE			
Tier Name	Acquisition Count	Acquisition Volume	Percentage Royalty Fee
Alpha	1 to 9	\$0 to \$2,000,000	3.00%
Delta	10 to 19	\$2,000,001 to \$4,000,000	2.75%
Gamma	20 to 39	\$4,000,001 to \$8,000,000	2.50%
Kappa	40 to 74	\$8,000,001 to \$15,000,000	2.00%
Lambda	75 to 99	\$15,000,000 to \$20,000,000	1.50%
Sigma	100 to 199	\$20,000,001 to \$40,000,000	1.00%
Omega	200+	\$40,000,001+	0.25%

- (c) **Wholesaling Royalty Fee.** You must pay us a Wholesaling Royalty Fee in connection with each Wholesaling Transaction you close. The Wholesaling Royalty Fee is equal to the greater of (i) the applicable “minimum fee” or (ii) the amount calculated by applying the applicable royalty fee percentage against the Wholesale Profit. The table below sets forth the various royalty fee tiers and the applicable Wholesaling Royalty Fee:

WHOLESALE ROYALTY FEE		
Tier Name	Minimum Royalty Fee	Percentage Royalty Fee
Alpha	\$500	10%
Delta	\$500	10%
Gamma	\$500	10%
Kappa	\$500	10%
Lambda	\$500	10%
Sigma	\$250	5%
Omega	\$250	5%

- (d) **Listing Royalty Fee.** If you are a licensed real estate agent, you may engage in Listing Transactions by: (i) referring properties to licensed real estate agents to list for sale to the public; and (ii) entering into commission sharing arrangements with such real estate agents. You may not engage in these Listing Transactions if you do not hold a real estate license. In connection with each Listing Transaction that results in the sale of the property, you must pay a Listing Royalty Fee to our affiliate, RB Realty. The Listing Royalty Fee is equal to 10% of total listing-side real estate commission generated from the transaction.
- (e) **Method and Timing of Payment.** The escrow agent must pay the royalty fee to us or RHB Realty, as applicable, by wire transfer at the time the transaction closes. With respect to the Acquisition Royalty Fee, the transaction closing date refers to the date you acquire the property and not the date you sell or otherwise dispose of the property. You must pay the Wholesaling Royalty Fee and Listing Royalty Fee with respect to all leads you receive during the Term, regardless of whether the Wholesaling Transaction or Listing Transaction, as applicable, closes before or after the expiration of the Term. Accordingly, your fee obligations shall survive the expiration, termination or Transfer of this Agreement with respect to all leads you receive during the Term.
- (f) **Minimum Annual Royalty Fee.** Commencing with your opening date, you must pay us a minimum annual royalty fee of \$6,000 per calendar year, prorated to \$500 per full calendar month during the first (1st) and last years of operation (if either such year is less than a full calendar year). If the total amount of Acquisition Royalty Fees, Wholesaling Royalty Fees and Listing Royalty Fees you pay us during a given calendar year is less than the minimum annual royalty fee, you must pay us the shortfall within 10 days of invoicing. The shortfall is calculated as the difference between the minimum annual royalty fee and the total amount of Acquisition Royalty Fees, Wholesaling Royalty Fees and Listing Royalty Fees you paid us during the calendar year. If you fail to pay the shortfall we may, at our option, terminate all of your territorial protections set forth in §3.4 by sending you a written notice of our election to terminate your territorial protections. We shall be deemed to have waived our right to terminate your territorial protections if we fail to send you the notice of termination of territorial rights within 180 days after the date by which you were required to pay the shortfall. Failure to pay the shortfall is not grounds for termination of this Agreement.

13.3. Other Fees and Payments. You agree to pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in this §13. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you, excluding income taxes imposed on us based on fees you pay us under this Agreement.

13.4. Due Date & Late Fee. Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement has not been received by us when due or there are insufficient funds in your Account to cover the sum when due, then in addition to this sum you must pay us default interest on the amount past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. We will not impose a late fee for any

amount paid pursuant to §13.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due; *provided, however*, that if we are unable to determine the amount due because of your failure to record sales or submit reports required by §15.3(c) in a timely manner, we may assess a late fee on the entire amount that was due. This §13.4 shall not constitute our agreement to accept late payments or extend credit to you.

13.5. Method of Payment. Before opening you must send us a completed and executed ACH Agreement. We will electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date, excluding the initial franchise fee and royalty fees. You must sign all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all revenues you generate into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts that you owe will be payable upon demand, together with any late charge imposed pursuant to §13.4. We may also impose a \$75 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed; or (b) a check you issue to us is returned due to insufficient funds.

13.6. CPI Adjustments. We reserve the right to periodically adjust all fees (including minimum fees) and Acquisition Volume figures (as set forth in the table in §13.2(b)) expressed as a fixed dollar amount based on changes to the Consumer Price Index in the United States (CPI). We may periodically review and increase these fees and amounts based on CPI changes, but only if the then-current CPI ("Current CPI") is more than 5% higher than the corresponding CPI in effect on: (a) the Effective Date of this Agreement (for the initial fee adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments) ("Baseline CPI"). The adjusted fee shall be calculated by multiplying the current fee by the sum of one (1) plus a fraction: (a) the numerator of which is Current CPI minus Baseline CPI; and (b) the denominator of which is Baseline CPI. We may utilize any CPI index series published by the U.S. Department of Labor or any comparable Governmental Authority that we deem appropriate. We currently use the following index: All Urban Wage Earners and Clerical Workers (CPI-W), U.S. City Average (1982-84 = 100), "All Items". We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We may implement no more than one (1) fee adjustment during any five (5) year period. If we decline to exercise our right to increase the fees in a given five (5) year period despite a 5% or greater CPI increase, that potential fee increase will accumulate and may be carried forward and applied in connection with a subsequent fee adjustment.

14. BRAND PROTECTION COVENANTS.

14.1. Reason for Covenants. The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize our franchise system because you and the Owners received an advantage through knowledge of our day-to-day operations and Know-how. You and the Owners agree to comply with the covenants in §14 to protect the Intellectual Property and our franchise system.

14.2. Intellectual Property and Confidential Information. You and the Owners agree to: (a) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Business pursuant to this Agreement; (b) maintain the confidentiality of all Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).

14.3. Unfair Competition. You and the Owners may not engage in any Prohibited Activities during the

Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period as long as the Competing Business does not conduct House Flipping Transactions or Wholesaling Transactions involving any residential or commercial property located in the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competing Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

- 14.4. Family Members.** Because (a) an Owner could circumvent the intent of §14 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of §14 if any member of his or her immediate family engages in any Prohibited Activities during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.
- 14.5. Employees.** You must ensure all employees, officers, directors, independent contractors and other Persons associated with you or your Business sign and send us a Confidentiality Agreement before they are given access to any Confidential Information. You must: (a) use best efforts to ensure these individuals comply with the Confidentiality Agreements; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse us for all expenses we incur to enforce a Confidentiality Agreement, including attorneys' fees and court costs.
- 14.6. Covenants Reasonable.** You and the Owners agree that: (a) the covenants in §14 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with respect to other franchisees benefits you and the Owners by preventing others from unfairly competing with your Business; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in §14.
- 14.7. Breach of Covenants.** You and the Owners agree that: (a) any failure to comply with §14 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breaches §14, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

15. YOUR OTHER RESPONSIBILITIES

- 15.1. Insurance.** For your protection and ours, you agree to maintain the following insurance policies:
- (i) “all risk” property insurance coverage on all properties that you acquire, which must include coverage for fire, vandalism and malicious mischief and have coverage limits of at least full replacement cost;
 - (ii) comprehensive general 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, containing minimum liability protection of \$1,000,000 combined single limit per occurrence, and \$2,000,000 in the aggregate;
 - (iii) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any

automobiles or motor vehicles, owned, leased, or used by you, or your officers, directors, employees, partners or agents, in the operation of your Business, containing minimum liability protection of \$1,000,000 combined single limit per occurrence and in the aggregate;

- (iv) errors and omission insurance, containing minimum liability protection of \$1,000,000 per occurrence and in the aggregate;
- (v) umbrella insurance containing minimum liability protection of \$1,000,000 combined single limit per occurrence and in the aggregate;
- (vi) worker's compensation insurance as required by Law;
- (vii) any insurance required by Law; and
- (viii) any other insurance that we specify in the Manual from time to time.

You must provide us with proof of coverage: (a) prior to opening; (b) within 10 days after the renewal of a policy; and (c) at any other time on demand. You must obtain these insurance policies from licensed insurance carriers rated A- or better by Alfred M. Best & Company, Inc. Each policy must be endorsed to: (a) name us and our members, officers, directors, and employees as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide that we receive at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. If any policy fails to meet these criteria, we may disapprove the policy and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance due to inflation, special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may, at our option, obtain the policy on your behalf. If we do so, you must promptly sign any application or other form required to obtain the policy and reimburse us for all premiums and other costs we incur.

15.2. Books and Records. You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least five (5) years after their preparation. You must maintain, and upon our request furnish to us by email or mail, a written list of all properties you have purchased, sold, listed for sale or for which you have completed (or are in the process of performing) a Wholesaling Transaction, together the names and contact information of the owners of all such properties. You must send us copies of your books and records within seven (7) days of our request. You must input all data we specify into the RBC Software (or any other software we require) on a daily basis in the manner set forth in the Manual. You must provide us with independent access to your QuickBooks Online account with permission to read all reports.

15.3. Reports.

- (a) Generally. You must prepare all reports we require including, without limitation, the reports described below. Reports must be prepared in the form and manner we specify. You must send us a copy of any report we require upon request. We also have the right to independently access your Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate.
- (b) Report of Initial Investment Costs. To assist us in updating our Franchise Disclosure Document, we may require you to complete and send us a report, in the form we designate, listing all expenses you incur in connection with the development and opening of your Business.
- (c) Transaction Reports. You must provide us with periodic reports of the status of all transactions by entering all data we require into the RBC Software on a daily basis. No later than 24 hours after the closing or completion of any transaction for which we or our affiliate

are entitled to a royalty fee, you must confirm to us in writing, in the manner we specify, of the successful closing or completion of the transaction.

- 15.4. Financial Statements.** Within 90 days after the end of each calendar year, you must prepare a balance sheet for your Business (as of the end of the calendar year) and an annual statement of profit and loss and source and application of funds. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate; (b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You agree to send us a copy of any financial statement required by this Section upon request. You must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose operational data about your Business to prospective franchisees, Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.
- 15.5. Legal Compliance.** You must: (a) secure and maintain all required licenses, permits and regulatory approvals; (b) operate your Business in compliance with all applicable Laws; (c) notify us in writing within two (2) business days after you become aware of any Claim, or any order, demand or disciplinary action issued by a Governmental Authority, that may adversely affect the operation of your Business; and (d) immediately send us a copy of any inspection report or other communication from a Governmental Authority alleging violation of a health or safety Law.
- 15.6. Ownership and Protection of Data.** We are the exclusive owner of all Business Data collected by you, us or any other Person. We hereby grant you a license to utilize the Business Data solely for purposes of operating your Business in compliance with this Agreement. You must protect all Customer Data with a level of control proportionate to the sensitivity of data. You must adhere to applicable privacy Laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You must comply with all applicable data protection Laws and our data processing and data privacy policies in the Manual (if any). Upon our request, you must sign any data processing or data privacy agreement required by us or by Law. You further agree to: (a) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS; (b) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit or come in contact with; (c) promptly notify us if you suspect there is, or has been, a security breach or potential compromise of any such credit card information; (d) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and (e) promptly notify us of any noncompliance with PCI-DSS requirements to discuss your remediation efforts and timeline.

16. INSPECTION AND AUDIT

- 16.1. Inspections.** To ensure compliance with this Agreement, we may evaluate your operations and inspect your books, records, accounts and tax returns. We will determine the scope of the inspection, which may include, among other things: (a) examining and copying your books, records, accounts and tax returns; and (b) monitoring and speaking with your designated manager, if any, and other staff. We may conduct inspections at any time without prior notice. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Business. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems and retrieving any Business Data we deem appropriate.
- 16.2. Audit.** We may audit your books and records at any time. You must fully cooperate with us and any Person we hire to conduct the audit. If an audit reveals an understatement of any amount owed to us, you must immediately pay us all additional fees you owe together with any late fee imposed

pursuant to §13.4. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that: (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement; or (b) reveals an understatement of any amount owed to us by at least 3%. We bear the cost of all other audits. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursement of our audit costs.

17. INTELLECTUAL PROPERTY

- 17.1. Ownership and Use.** You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license to operate your Business during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.
- 17.2. Changes to Intellectual Property.** We may change the Intellectual Property at any time in our sole discretion, including by changing the Copyrighted Materials, Know-how, Marks and/or System. You must, at your expense, implement all Intellectual Property changes we require in accordance with our instructions. We are not liable for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark) as a result of any change to the Intellectual Property.
- 17.3. Use of Marks.** You may use our Mark as a certification mark to demonstrate you have successfully completed our training programs and meet our certification standards for the use of our System. You agree to: (a) identify yourself as the independent owner of your Business in the manner we prescribe; and (b) obtain any fictitious or assumed name registrations required by applicable Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) hold yourself out to the public under our Marks, or any words confusing similar to our Marks (at any time we may change our policy and require that you operate your Business only under our Marks); (c) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (d) register or attempt to register any Marks, or any other trademarks confusingly similar to the Marks, with any Governmental Authority; or (e) challenge or contest the validity or ownership of our Marks.
- 17.4. Use of Know-how.** We disclose our proprietary Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. You do not acquire any interest in the Know-how other than the right to utilize it, during the Term, solely for purposes of developing and operating your Business in compliance with this Agreement and the Manual.
- 17.5. Improvements.** If you, an Owner or your employee conceives of or develops an Improvement, you must send us a written notice describing the Improvement. You must obtain our approval prior to using any such Improvement. Any Improvement we approve may be used by us and any third parties we authorize to operate an RB Business, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to the Improvement, including the right to grant sublicenses. In return, we will authorize you to use Improvements developed by other Persons that we approve for use in connection with the operation of an RB Business.
- 17.6. IP Disputes.** You must immediately notify us of any IP Dispute. You may not communicate with any Person other than us and our counsel in connection with any IP Dispute. We have sole discretion in deciding what action, if any, to take in response to the IP Dispute. We may exclusively control any litigation or other proceeding relating to the IP Dispute. You must execute

all documents, render all assistance, and perform all acts that are, in our counsel's opinion, necessary or advisable to protect or maintain our interest in the litigation or proceeding and/or protect the Intellectual Property.

18. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with:

- (i) the marketing, use or operation of your Business;
- (ii) any Claim brought by a property owner, purchaser, seller, investor or other Person in any way relating to a House Flipping Transaction, Wholesaling Transaction or Listing Transaction performed by you or your interactions with such Person;
- (iii) the breach of a Definitive Agreement committed by you or your Owners or affiliates;
- (iv) the breach of an agreement with a third party committed by you or your Owners or affiliates;
- (v) any Claim relating to taxes or penalties a Governmental Authority assesses against us as a direct result of your failure to pay or perform functions required of you under this Agreement;
- (vi) libel, slander or disparaging comments made by you or any of your Owners, officers, employees or independent contractors regarding the System, any RB Business or an Indemnified Party (this provision shall not apply to the disclosure of truthful information to Governmental Authorities);
- (vii) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or
- (viii) any actions, investigations, rulings or proceedings conducted by any state or federal agency (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties shall have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of the Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending the Claim, including, without limitation, Travel Expenses incurred by attorneys or expert witnesses to attend mediation, arbitration or legal or administrative proceedings or hearings relating to the matter.

19. TRANSFERS

19.1. By Us. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate our obligations under this Agreement to one or more Persons without assigning the Agreement.

19.2. By You. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you franchise rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold approval if all of the following conditions are satisfied:

- (i) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate an RB Business and meets our minimum franchisee criteria;

- (ii) you and your affiliates and Owners are in full compliance with all Definitive Agreements;
- (iii) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us any applicable training fee;
- (iv) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Business;
- (v) the transferee: (a) agrees to discharge and guarantee your obligations under this Agreement and any other agreement relating to the Business; and (b) signs any agreement we require to confirm the foregoing;
- (vi) the transferee and its owners sign our then-current form of franchise agreement (unless we instruct you to assign this Agreement to the transferee) except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (b) the transferee need not pay the Initial Fees;
- (vii) the transferee agrees to upgrade all Technology Systems and equipment to conform to our then-current standards and specifications (these changes must be completed within 90 days after the Transfer or such shorter period of time we specify);
- (viii) you or the transferee pay us a transfer fee equal to 50% of our then-current, non-discounted, initial franchise fee; *provided, however*, that we will waive the transfer fee for any Transfer of less than 20% of the ownership interests in your Business or 20% of the Equity Interests in the Franchisee Entity, as applicable;
- (ix) you and your Owners sign a General Release;
- (x) we do not elect to exercise our right of first refusal described in §19.5; and
- (xi) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any Claims we have against the transferor or our right to demand the transferee comply with all terms of the franchise agreement.

- 19.3. Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the Franchisee Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.
- 19.4. Owner Death or Disability.** Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest must be assigned to another Owner or to a third party we approve. Any assignment to a third party will be subject to all terms and conditions of §19.2 unless the assignment qualifies as a Permitted Transfer. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.
- 19.5. Our Right of First Refusal.** If you or an Owner desires to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receiving the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, except we may substitute cash for any non-cash form of payment proposed in the offer. If we notify you within the 30-day period that we intend to purchase the interest, you or the Owner, as applicable, must sell the interest to us. We will have an additional 30 days to prepare for closing. We will be entitled to receive from you or the Owner, as applicable, all customary representations and warranties given

by you (as the seller of the assets) or the Owner (as the seller of the ownership interest) or, at our election, the representations and warranties contained in the offer. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the terms of the offer, subject to the requirements of §19.2, including our approval of the transferee. However, if the sale is not completed within 120 days after delivery of the offer to us, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

20. TERMINATION

20.1. By You. You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after receipt of a default notice specifying the nature of the breach. If you terminate pursuant to §20.1, you must still comply with your post-term obligations described in §21 and all other obligations that survive the expiration or termination of this Agreement.

20.2. By Us. We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and “good cause” for termination, and without opportunity to cure except for any cure period expressly set forth below:

- (i) if you become insolvent by reason of your inability to pay your debts as they become due;
- (ii) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);
- (iii) if your Business, or a substantial portion of the assets associated with your Business, are seized, taken over or foreclosed by a Government Official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor;
- (iv) if a final judgment against you remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;
- (v) if the Managing Owner fails to satisfactorily complete initial training as required by §5.1;
- (vi) if you fail to open your Business within the time period required by §7;
- (vii) if you abandon or cease to operate your Business unless the failure is due to an event of force majeure or another reason we approve (you are deemed to have abandoned your Business if you fail to contact new leads for a period of 30 consecutive days);
- (viii) if a Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to operate the Business even if you or the Owner have appeal rights;
- (ix) if you or an Owner (a) is convicted of or pleads no contest to a felony or other material crime, (b) is subject to a material administrative disciplinary action or (c) fails to comply with a material Law applicable to your Business;
- (x) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the System or the goodwill associated with the Marks;
- (xi) if you manage or operate your Business in a manner that presents a health or safety hazard to property owners, employees or the public;
- (xii) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;
- (xiii) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment (subject to your right to dispute, in good faith,

amounts owed to third-party suppliers in accordance with §11.4(d));

- (xiv) if you underreport any amount owed to us by at least 3% on two (2) or more occasions;
- (xv) if you knowingly fail to report the closing of a transaction for which we or our affiliate are entitled to a royalty fee in the time and manner required by §15.3(c);
- (xvi) if you make an unauthorized Transfer;
- (xvii) if you make an unauthorized use of the Intellectual Property;
- (xviii) if you breach any brand protection covenants described in §14;
- (xix) if you or an Owner breaches any representations in §23.3;
- (xx) if an Owner or the spouse of an Owner breaches a Franchise Owner Agreement;
- (xxi) if we or our affiliate terminates a Definitive Agreement (other than an area development agreement) due to a default by you or your affiliate; or
- (xxii) if you or an Owner breaches any other provision of this Agreement (including any mandatory provision in the Manual) and fails to cure the breach within 30 days after receipt of a default notice from us.

If we send you a default notice pursuant to §20.2 we may cease to perform our obligations under this Agreement until you cure the breach.

20.3. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, you and we will be deemed to have waived any required notice period.

21. POST-TERM OBLIGATIONS. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease to use the Intellectual Property;
- (ii) pay us all amounts that you owe us;
- (iii) comply with all covenants described in §14 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;
- (iv) comply with our instructions to return or destroy all copies of the Manual and Copyrighted Materials and all signs, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;
- (v) cease all use of the RBC Software (and delete all such software from your computer memory and storage);
- (vi) cancel all fictitious or assumed name registrations relating to your use of any of the Marks;
- (vii) provide us with a list of all of your current, former and prospective buyers, sellers, investors and properties (and their owners);
- (viii) upon our request, assign all client contracts to us;
- (ix) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (a) any telephone numbers and/or domain names associated with your Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

- (x) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (iv), (viii) and (ix) above shall not apply if you Transfer your Business to an approved transferee or we exercise our right to purchase your Business.

22. DISPUTE RESOLUTION.

- 22.1. **Negotiation and Mediation.** Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, the parties agree to submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including all discovery conducted therein and statements and settlement offers made by either party or the mediator in connection with the mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose (except evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in mediation). The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. Any Dispute involving claims alleging a breach of §14 and/or §17 (referred to as “Excluded Claims”) will not be subject to mandatory negotiation or mediation.
- 22.2. **Arbitration.** If the Dispute is not resolved by mediation within 60 days after either party makes a demand for mediation, the parties will submit the Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The party filing the arbitration must initially bear the cost of any arbitration fees or costs. The arbitrators will not have authority to award exemplary or punitive damages. Any Dispute involving an Excluded Claim will not be subject to mandatory arbitration unless both parties agree.
- 22.3. **Litigation.** If a Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance the choice of venue provision set forth below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator or arbitrator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether there are any claims alleging a breach of §14 and/or §17).
- 22.4. **Venue.** All mediation, arbitration and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Cherokee County, Georgia). The parties irrevocably waive any objection to such venue and, with respect to litigation proceedings, submit to the jurisdiction of such courts.
- 22.5. **Attorney’s Fees and Costs.** If either party must enforce this Agreement in a judicial or arbitration proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees and arbitration costs. In addition, if you or an Owner breaches any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.
- 22.6. **Waivers.** UNLESS PROHIBITED BY APPLICABLE LAW, ANY CLAIM (OTHER THAN FOR PAYMENT OF MONIES OWED OR AN EXCLUDED CLAIM) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; AND (b) THE RIGHT TO LITIGATE A DISPUTE ON A CLASS ACTION BASIS.

23. REPRESENTATIONS.

- 23.1. **Corporate Representations.** You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.
- 23.2. **General Representations.** You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.
- 23.3. **Anti-Terrorism Compliance.** You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

24. GENERAL PROVISIONS

- 24.1. **Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship are governed by the Laws of the State of Georgia without reference to its principles of conflicts of law, but any Law of the State of Georgia that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.
- 24.2. **Relationship of the Parties.** Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Business. You must include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party may: (a) make any express or implied agreement, warranty

or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by any agreements or representations made by the other that are not expressly authorized by this Agreement.

- 24.3. Severability.** Each section of this Agreement (and portion thereof) is severable. If applicable Law imposes mandatory terms that conflict with this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court or arbitrator concludes any promise or covenant in this Agreement is unreasonable or unenforceable, we or the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make it enforceable.
- 24.4. Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payments from you after your breach.
- 24.5. Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.
- 24.6. Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. Notwithstanding the foregoing, "force majeure" will not: (a) relieve you of any payment obligations under this Agreement; or (b) excuse, or apply with respect to, any breaches resulting from an epidemic or pandemic of a contagious illness or disease or resulting from any economic or financial changes caused by such epidemic or pandemic, except for any government-mandated closures of the Business related to such epidemic or pandemic.
- 24.7. Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however*, that the additional insureds listed in §15.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §15.1 and §18, respectively.
- 24.8. Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.2 AND §24.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

- 24.9. Good Faith Covenant.** If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.
- 24.10. Rights of Parties are Cumulative.** The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.
- 24.11. Survival.** All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an ownership interest in the RB Business or Franchisee Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §13, §14, §16, §18, §21, §22 and §24.
- 24.12. Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “you” as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.
- 24.13. Time of Essence.** Time is of the essence in this Agreement and every term thereof.
- 24.14. Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.
- 24.15. Notice.** All notices given under this Agreement must be in writing, delivered by : (a) hand delivery; (b) registered or certified air mail, postage prepaid, return receipt requested; (c) special delivery service (e.g., Federal Express, DHL, UPS, etc.); or (d) email, in each case to the following addresses (which may be changed upon 10 business days’ prior written notice):

YOU:	As set forth in Part A of <u>ATTACHMENT "A"</u>
US:	Red Barn Homebuyers, LLC 105 Towne Lake Parkway Woodstock, Georgia 30188 Attention: Kevin Corsini Email: kevin@redbarnhomebuyers.com

Notice is deemed given on the earliest to occur of: (i) the date delivered by hand; (ii) the third (3rd) business day after placed in the mail or provided to special delivery services in accordance with clause (b) or (c) above; or (iii) the first (1st) calendar day after sent by email.

The parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

Red Barn Homebuyers, LLC, a Georgia limited liability company

By: _____
Name: _____
Its: _____

YOU (If you are an entity):

_____,
a(n) _____
By: _____
Name: _____
Its: _____

YOU (If you are not an entity):

Name: _____

Name: _____

Name: _____

Name: _____

ATTACHMENT "A"
TO FRANCHISE AGREEMENT

DEAL TERMS

A. Franchisee Details.

Name of Franchisee: [_____]

Is the franchisee one or more natural Persons signing in their individual capacity? **Yes:** ____ **No:** ____

Type of Entity and State of Formation* (if applicable): [_____]

** If the franchisee is a business Entity, each Person holding a direct or indirect Equity Interest in the Franchisee Entity, and spouse of each such Person who is a natural Person, must sign the Franchise Owner Agreement concurrently with the execution of this Agreement.*

The following table includes the full name of each Person holding a direct or indirect ownership interest in the Business (or the Franchisee Entity if applicable) along with a description of their ownership interest.

Owner's Name	% Ownership Interest	Direct or Indirect (if indirect, describe nature of interest)

Notice Address: _____

Attention: _____
Email: _____

B. Territory.

The Territory referenced in the Franchise Agreement consists of, and shall be limited to, the following geographic area (as may be further depicted on the map attached below or on the following page):

[_____]

If the boundaries that define the Territory change during the Term, the boundaries of your Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

[Insert Map on Following Page (if applicable)]

ATTACHMENT "B"
TO FRANCHISE AGREEMENT
FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “Agreement”) is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner, in favor of Red Barn Homebuyers, LLC, a Georgia limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you”.

1. **Definitions.** Capitalized terms used in this Agreement shall have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement:

“Franchisee” means _____.

“RB Business” any Red Barn real estate investment business operated by us, our affiliates, you or other franchisees using our System.

“Restricted Period” means: the two (2) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the RB Business that it operates; *provided however*, that if a court of competent jurisdiction determines this period of time is too long to be enforceable then Restricted Period means: the one (1) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the RB Business that it operates.

2. **Background.** In your capacity as an owner (or the spouse of an owner) of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to “owners” and not just Franchisee. You agree to comply with this Agreement to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. **Brand Protection Covenants.**

- (a) **Intellectual Property and Confidential Information.** You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee’s RB Business in compliance with the Franchise Agreement and Manual; (ii) maintain the confidentiality of Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an owner of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.
- (b) **Unfair Competition.** You may not engage in any Prohibited Activities at any time: (i) that you are (or your spouse is) an owner of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business does not engage in any House Flipping Transactions and/or Wholesaling Transactions involving residential or commercial properties located in the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not

constitute a waiver of your breach or impair any of our rights or remedies relating to your breach.

- (c) Family Members. Because you could circumvent the purpose of §3 by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family (i) engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
- (d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we both believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable law.
- (e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. **Transfer Restrictions.** We must approve all persons who hold a direct or indirect ownership interest in the Franchisee entity. If you are an owner of Franchisee, you agree that you will not directly or indirectly sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in the Franchisee entity except in accordance with §19.2 of the Franchise Agreement.

5. **Financial Security.** In order to secure Franchisee's financial obligations under the Franchise Agreement and all other Definitive Agreements (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreement; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive: (1) acceptance and notice of acceptance by us of the foregoing undertakings; (2) notice of demand for payment of any indebtedness guaranteed; (3) protest and notice of default to any party with respect to the indebtedness guaranteed; (4) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (1) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (2) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (3) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or

more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency.

6. **Representation.** You represent you received a fully executed copy of the Franchise Agreement.
7. **Dispute Resolution.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution provisions set forth in the Franchise Agreement, which are incorporated into this Agreement by reference as if fully set forth herein. **You acknowledge and agree that a breach of this Agreement by you shall constitute a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with the terms thereof.**
8. **Miscellaneous.**
 - (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.
 - (b) This Agreement will be governed by, construed and enforced under the laws of Georgia and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
 - (c) Any claim, defense or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.
 - (d) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.
 - (e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provision of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

In witness whereof, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

OWNER / SPOUSE

By: _____

Name: _____

Date: _____

ATTACHMENT "C"
TO FRANCHISE AGREEMENT
ACH AUTHORIZATION FORM

[See Attached]

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

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

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
Bank Account No.	☐ Checking ☐ Savings (check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)	Bank Phone No.	

Authorization:

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

Signature: _____	Date: _____
Name: _____	
Its: _____	
Federal Tax ID Number: _____	

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

ATTACHMENT "D"
TO FRANCHISE AGREEMENT
CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this “Agreement”) is entered into by the undersigned (“you”) in favor of Red Barn Homebuyers, LLC, a Georgia limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“Copyrighted Materials” means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of an RB Business.

“Confidential Information” means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with its RB Business, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; and (f) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee’s owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

“Franchisee” means the Red Barn Homebuyers franchisee for whom you are an officer, director, employee or independent contractor.

“Improvement” means any idea, addition, modification or improvement to the (a) goods or services offered or sold in connection with an RB Business, (b) method of operation of an RB Business, (c) processes, systems, techniques or procedures utilized by an RB Business, (d) marketing, advertising or promotional materials, programs or strategies utilized by an RB Business or (e) trademarks, service marks, logos or other intellectual property utilized by an RB Business, whether developed by you, Franchisee or any other person.

“Intellectual Property” means, collectively or individually, the Business Data, Copyrighted Materials, Improvements, Know-how, Marks and System.

“Know-how” means and includes our (and our affiliates’) trade secrets and other proprietary information relating to the development, marketing and/or operation of an RB Business, including, but not limited to: methods and techniques; standards and specifications; policies and procedures; supplier lists and information; marketing strategies; financial information; and information comprising the System or included in the Manual.

“Manual” means our confidential brand standards manual for the operation of an RB Business.

“Marks” means and includes all logos, service marks, trademarks and tradenames that we designate from time to time and authorize RB Businesses to use, including the RB crest logo.

“RB Business” any Red Barn real estate investment business operated by us, our affiliates, you or other franchisees using our System.

“System” means our system for the operation of an RB Business, the distinctive characteristics of which

include: proprietary marketing and lead generation programs and strategies; proprietary property assessment and evaluation tools and know-how; proprietary software; methodologies and techniques; discount purchasing programs; personalized coaching programs; network of real estate investment professionals; and operating system.

2. **Background.** You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.
3. **Intellectual Property and Confidential Information.** You agree to: (a) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee's RB Business; (b) maintain the confidentiality of all Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing any Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an employee or independent contractor of Franchisee. You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.
4. **Family Members.** Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.
5. **Breach.** You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.
6. **Miscellaneous.**
 - (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.
 - (b) This Agreement will be governed by, construed and enforced under the laws of Georgia and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.
 - (c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

By: _____

Name: _____

Date: _____

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists our franchisees that were open as of December 31, 2024.

FRANCHISEES OPEN AS OF DECEMBER 31, 2024				
State	City	Territory	Phone	Owner Name(s)
Alabama	Birmingham	Birmingham	269-248-7822	Josh Brownlee
Alabama	Montgomery	Montgomery	706-573-0559	Blake Harris
Alabama	Franklin	Mobile - Pensacola	251-714-2790	John Mimmagh
Alabama	Muscle Shoals	Huntsville-Decatur	256-904-5434	Heath Martin
Alabama ¹	Warrior	Birmingham	659-246-7060	Seth Holzhauer
Arizona	Chandler	Phoenix, AZ	480-204-1812	Ron Cahalan
Arizona	Goodyear	Phoenix, AZ	623-2051-495	Rocio Erazo
Arizona	Tucson	Tucson, AZ	814-431-0960	Jeff Kaday
Arkansas	Jessieville	Little Rock	330-574-6849	Adam Pohovey
Colorado	Castle Rock	Denver - Fort Collins, CO	303-968-5068	Stephanie Giaccio
Colorado	Columbine Valley	Denver, CO	720-802-0797	Paul Priebe
Colorado	Superior	Denver, CO	720-802-0486	Pete Mariner
Connecticut	Trumbull	Hartford, CT	203-666-5973	Ray Franz
Florida	Augustine	Jacksonville	904-601-0162	John Campbell
Florida	Davenport	Tampa- St Petersburg- Sarasota	904-849-9594	Brian Johnson
Florida	Fort Myers	Fort Myers, FL	239-443-4653	Benjamin Hewitt
Florida	Jacksonville	Jacksonville	304-451-5730	Cuffy York
Florida	Lutz	Tampa- St Petersburg- Sarasota	813-616-5222	Domenic Marateo
Florida	Milton	Ft Walton Beach, FL	251-244-7364	Keith McCoy
Florida	New Port Richey	Tampa- St Petersburg- Sarasota	727-761-8973	Phil Bell
Florida	Newberry	Gainesville, FL	352-317-3591	Jessica Robinson
Florida	Port St Lucie	Treasure Coast, FL	772-362-1264	Rick Smith
Florida	Seminole	Tampa-St. Petersburg-Sarasota, FL	727-871-6987	Drew Grubbs
Florida	St Johns	Jacksonville	904-530-2675	Steven Smith & Frederick Randolph
Florida	Tampa	Tampa-St. Petersburg-Sarasota, FL	813-789-2116	Adriana Trigg
Georgia	Acworth	Atlanta, GA	770-670-1803	Amanda Plummer
Georgia	Alpharetta	Atlanta, GA	770-880-7861	Julie Murphy
Georgia	Holly Springs	Atlanta	803-986-4022	Christian Norman
Georgia	Jefferson	Athens, GA	678-488-5277	Jody Porter
Georgia	John's Creek	Atlanta, GA	770-378-5211	Padma Rallapalli
Georgia	Lawrenceville	Atlanta	812-608-3324	Jason Jones
Georgia	Marietta	Atlanta, GA	770-525-7978	Tracey Cooper
Georgia	Marietta	Atlanta, GA	770-296-2847	Stephen Cole
Georgia	Newnan	Atlanta, GA	216-224-3435	Mikele Glaspie
Georgia	Roswell	Atlanta	470-928-5261	Brett Greenway
Georgia	Roswell	Atlanta	470-414-4782	Tommy Filteau
Georgia	St. Augustine	Northeast, GA	706-807-3130	Marc Allen
Georgia	Thomson	Augusta, GA	706-690-0124	Ron Vaughn
Georgia	Woodstock	Atlanta	770-525-8167	James Stainback
Indiana	Evansville	Evansville, IN	812-449-8026	Donnie Dowell
Indiana	Indianapolis	Indianapolis	313-362-6554	Alexandra Marshall
Kansas	Olathe	Kansas City, MO	913-347-6456	Sharon Young
Kentucky	West Liberty	Lexington Kentucky	859-220-4400	Cory Hoskins
Massachusetts	Ashland	Boston, MA	603-505-6128	Bryce Roberts

FRANCHISEES OPEN AS OF DECEMBER 31, 2024				
State	City	Territory	Phone	Owner Name(s)
Massachusetts	Kingston	Boston, MA	602-620-1056	Travis Powell
Massachusetts	Lynn	Boston, MA	781-650-5465	Jeff Conti
Michigan	Grand Ledge	Lansing, MI	517-793-5277	Sarah Harris
Michigan	Ile	Detroit	313-788-1640	Amy Payne
Michigan	Rochester Hills	Greenville, MI	586-413-6190	Ron Walraven
Minnesota	Richfield	Minneapolis	952-260-4386	Chris Roy
Mississippi	Columbus	Starkville-Tupelo, MS	662-672-7476	Malcolm Bentley
Montana	Bozeman	All of Montana	406-396-1548	Levi Rogers
New Jersey	Monroe Township	Morris – Essex, NJ	828-677-2430	Alexis Stevens
North Carolina	Horse Shoe	Asheville, NC	321-946-8463	Kristin Catlin
North Carolina	Huntersville	Charlotte, NC	704-287-2889	Eileen O'Neill
North Carolina	Newton	Charlotte, NC	336-904-5891	Marty Brooks
North Carolina	Princeton	Rocky Mount, NC	919-432-2646	Sara Abel
North Carolina	Fuquay-Varina	Raleigh-Durham	984-313-9061	Larry Acker
Ohio	Cincinnati	Cincinnati, OH	513-647-1687	Colin Beck
Ohio	Willoughby	Cleveland, OH	330-426-7349	Kim Laurie
Oklahoma	Owasso	Tulsa, OK	918-393-5769	Michael Slockers
Oklahoma	Piedmont	Oklahoma City, OK	405-209-5095	Cole Phillips
Pennsylvania	Erie	Erie, PA	814-821-1954	Carrie Forsythe
Pennsylvania	Hanover	Harrisburg, PA	717-276-4405	Kasey King
South Carolina	Camden	Columbia, SC	803-986-4022	Christian Norman
South Carolina	Sumpter	Columbia, SC	803-983-1299	Bryan Scott
Tennessee	Bartlett	Memphis	901-621-4710	Loren Huie
Tennessee *	Chickamauga, GA	Chattanooga, TN	423-322-0161	Jerry Lawson
Tennessee	Collierville	Memphis	901-582-8744	Chandrea Moon
Tennessee	Knoxville	Knoxville, TN	865-830-1894	Homebridge, LLC
Tennessee	Knoxville	Knoxville, TN	706-248-7421	Josh Strickland
Tennessee	Lebanon	Lebanon, TN	405-412-0596	Meloni/Jim Barkley
Tennessee	Murfreesboro	Nashville, TN	615-995-0185	Dustin Najar
Tennessee	Nashville	Nashville, TN	615-480-4855	Steven Wilson
Texas	Aubrey	Dallas	405-389-3851	Matt and Brittany Frost
Texas	Aubrey	Dallas, TX	405-982-5656	Brittany Frost
Texas	Forney	Dallas, TX	701-770-8282	Dustin Lacher
Texas	Keller	Ft. Worth	817-783-9969	Jeff Abate
Texas	Waxahachie	Ft. Worth	817-389-8038	Ron Jackson
Texas	Granite Shoals	Austin	346-666-6380	Bruce Jones
Texas	Nederland	Beaumont, TX	307-321-4453	Leslie Boudreau
Utah	Draper	Salt Lake City, UT	661-644-8333	Rob Schoeller
Utah	South Jordan	Salt Lake City, UT	801-758-8800	Kim Palmer
Virginia	Roanoke	Roanoke	540-405-8164	Taz Mcdole
Wisconsin	Kimberly	Green Bay, WI	920-850-4385	Dave Zouski
Wisconsin	Lake Geneva	Milwaukee, WI	224-410-7307	Duane Keenan

¹ Ownership of this outlet was transferred and the franchisee relocated the outlet to Alabama.

² Tennessee-owner lives in Georgia but the territory is located in Tennessee.

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2024.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2024				
State	City	Territory	Phone	Owner Name(s)
Alabama	Eufaula	Opelika	334-274-7507	Bryan Gilbert
Arizona	Gilbert	Phoenix, AZ	602-350-1347	Cory Williams

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2024				
State	City	Territory	Phone	Owner Name(s)
Florida	Wesley Chapel	Tampa- St Petersburg- Sarasota	813-522-4835	David Sa & Lea Betz
Florida	Brandon	Tampa - St Petersburg- Sarasota	813-590-1591	Alex Miranda
Georgia	Canton	Atlanta	470-646-3935	Angie and Bill Shape
Idaho	Coeur d Alene	Spokane	208-907-4711	Jeff Edwards
Maryland	Ellicott City	Baltimore	301-781-5686	Chris King
Michigan	Lincoln park	Detroit	845-470-4749	Matthew Schlageter
Missouri	Republic	Springfield, MO	781-249-3252	Daron Fitzpatrick
New York	Petersburgh	Albany	518-401-0996	Aaron Jewett
North Carolina	Burlington	Greensboro	336-892-8054	Tyeisha Hodges
North Carolina	Greensboro	Greensboro	336-361-1530	Frank Florian
North Carolina	Brasstown	Murphy-Waynesville, NC	732-858-0747	Jeff Taylor
Ohio	Pickerington	Columbus	740-948-6840	David Robertson
Ohio	North Dublin	Columbus	380-230-4414	Matthew Naumann
Ohio	Hamilton	Cincinnati	513-845-1528	Stacy and Heidi Chidester
Ohio	Dayton	Dayton	937-998-4722	AJ Kakade
Ohio	Batavia	Cincinnati	513-540-1074	Bill Armstrong & Steven Ackermann
Oklahoma	Akoma	Fayetteville, OK	479-226-1344	Aaron McDonald
Pennsylvania	Lancaster	Harrisburg, PA	201-957-9929	Hunter McBryde
Utah	Mapleton	Salt Lake City, UT	615-429-6883	Jeremy Pommerening
Virginia	Roanoke	Roanoke, VA	540-405-8164	Taz McDole
Washington	Bothell	Seattle	425-842-3314	James Jeske
Wyoming	Cheyenne	Cheyenne, WY	307-631-7445	Charlie Sebesta

Part B (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
Colorado ¹	Lakewood	707-227-7724	Eden Stewart
Florida	Bellevue	352-232-9438	Angela Chambrot
Florida ¹	Oviedo	321-462-1147	Tamara Tedder
Georgia	Alpharetta	770-525-8167	Jessica Park
Georgia ²	Canton	770-789-1758	Cindy Addis
Georgia	Springfield	843-637-6795	Ronald Fuller
Iowa	Des Moines	612-702-9449	George Masmanides
South Carolina	Camden	803-272-9980	Rick Starnes
South Carolina	Tega Kay	704-609-9932	Tracey Eller
Texas	Fiona	806-602-8798	Terry Wilcox
Texas	Trophy Club	817-905-9252	John Lee
Texas	Stephenville	682-429-2246	Keith Wishon

¹ This outlet was terminated prior to opening.

² This outlet was transferred prior to opening.

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

EXHIBIT "E"
TO DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

[See attached]

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Balance Sheet
Red Barn Home Buyers
As of April 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Assets	
Current Assets	
Bank Accounts	
MARKETING ACCT (WF-4894)	29,079.70
Red Barn Home Buyers Checking	-176.75
Red Barn Home Buyers (WF-8622)	364,047.49
Total for Bank Accounts	\$392,950.44
Accounts Receivable	
Accounts Receivable (A/R)	439,600.33
Total for Accounts Receivable	\$439,600.33
Other Current Assets	
Credit Card Receivables	200.00
Loans to others	0
Family Nest	5,000.00
Total for Loans to others	\$5,000.00
Payments to deposit	
Total for Other Current Assets	\$5,200.00
Total for Current Assets	\$837,750.77
Fixed Assets	
Other Assets	
Red Capital LLC	
Wyoming Natrona County Land	
Total for Other Assets	0
Total for Assets	\$837,750.77
Liabilities and Equity	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	26,220.00
Total for Accounts Payable	\$26,220.00
Credit Cards	
Chase Credit (CH-4142)	
RBHB AMEX (AX-91000)	10,497.15

Account Group Summary, May 13, 2025 07:51 PM GMT2

Balance Sheet
Red Barn Home Buyers
As of April 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Total for Credit Cards	\$10,497.15
Other Current Liabilities	
Direct Deposit Payable	1,577.37
Non-Refundable Deferred Training Revenue	111,000.00
Payroll Liabilities	0
Federal Taxes (941/943/944)	-37.31
Federal Unemployment (940)	1.36
GA Income Tax	-6.92
GA Unemployment Tax	52.78
Total for Payroll Liabilities	\$9.91
Total for Other Current Liabilities	\$112,587.28
Total for Current Liabilities	\$149,304.43
Long-term Liabilities	
Total for Liabilities	\$149,304.43
Equity	
Retained Earnings	1,560,111.05
Net Income	277,651.52
Capital - Cardinal Holdings, LLC	0
Distributions - Cardinal Holdings, LLC	-637,116.37
Equity - Cardinal Holdings, LLC	-85,000.00
Profit & Loss - Cardinal Holdings, LLC	136,437.57
Total for Capital - Cardinal Holdings, LLC	-\$585,678.80
Capital - Kalamata Consulting LLC	0
Distributions - Kalamata Consulting, LLC	-615,075.00
Equity - Kalamata Consulting, LLC	-85,000.00
Profit & Loss - Kalamata Consulting, LLC	136,437.57
Total for Capital - Kalamata Consulting LLC	-\$563,637.43
Total for Equity	\$688,446.34
Total for Liabilities and Equity	\$837,750.77

Journal Entry Summary, May (to 2025 07:51 PM GMT)

Profit and Loss
Red Barn Home Buyers
January 1-April 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Income	
Apprentice Sales	26,700.00
Commission/Referral Fee Income	2,658.00
Event Registration	250.68
Franchise Sales	597,432.50
Marketing Fees	587.53
Rebate Income	3,028.04
Royalties	107,148.03
Summit Income	7,919.00
Technology Fees	111,370.00
Total for Income	\$857,093.78
Cost of Goods Sold	
Coaching/Mentoring	15,378.02
Franchise Training	4,396.00
Total for Cost of Goods Sold	\$19,774.02
Gross Profit	\$837,319.76
Expenses	
Bank Charges	\$100.02
Bank fees & service charges	61.89
Merchant Account Fees	14,427.80
Total for Bank Charges	\$14,589.71
Business licences	250.00
Commissions & fees	86,750.00
Contributions to charities	3,067.41
Corporate Registration	55.00
Events	3,648.98
FranchisOR Marketing	\$78,093.26
Merchandise	99.00
Social media	54,146.63
Total for FranchisOR Marketing	\$132,338.89
General business expenses	40.00
Legal & Accounting fees	18,027.80
Meals	\$647.29
Meals with clients	46.73
Total for Meals	\$694.02
Medical	8,713.92
Melio Service Fees	11,787.49

Account Detail Summary, May (to 2025 07:51 PM) GMT2

Profit and Loss
Red Barn Home Buyers
January 1-April 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Office expenses	\$1,355.02
Shipping & postage	69.86
Software & apps	64,407.36
Total for Office expenses	\$65,832.24
Payroll expenses	0
Taxes	2,920.51
Wages	30,645.14
Total for Payroll expenses	\$33,565.65
Professional Fees	91,587.58
Rent (Home Office)	4,000.00
Rock Springs Support	32,400.00
Software/Technology	16,109.85
Travel	\$7,599.02
Airfare	1,344.63
Lodging	23,021.25
Parking & tolls	130.00
Taxis or shared rides	16.64
Travel meals	2,975.20
Vehicle gas & fuel	174.44
Vehicle rental	913.12
Total for Travel	\$36,174.30
Uncategorized Expense	
Total for Expenses	\$559,632.84
Net Operating Income	\$277,686.92
Other Income	
Other Expenses	
Home office	0
Home utilities	35.40
Total for Home office	\$35.40
Total for Other Expenses	\$35.40
Net Other Income	-\$35.40
Net Income	\$277,651.52

Journal Entry Summary, May (© 2025 07:51 PM GMT)

RED BARN HOMEBUYERS, LLC

FINANCIAL REPORT
AS OF DECEMBER 31, 2024



RED BARN HOMEBUYERS, LLC

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Balance Sheet	5
Statement of Operations	6
Statement of Changes in Member's Equity	7
Statement of Cash Flows	8
Notes to Financial Statements	9



Independent Auditor's Report

To the Members
Red Barn Homebuyers, LLC
Woodstock, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheet of Red Barn Homebuyers, LLC as of December 31, 2024, and 2023, and the related statement of operations, members' equity and cash flows for the years ended December 31, 2024, 2023, and 2022, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Red Barn Homebuyers, LLC as of December 31, 2024, and 2023, and the results of their operations and their cash flows for the years ended December 31, 2024, 2023, and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Red Barn Homebuyers, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Red Barn Homebuyers, 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 Red Barn Homebuyers, 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.

Reese CPA LLC

Ft. Collins, Colorado
April 11, 2025

RED BARN HOMEBUYERS, LLC
BALANCE SHEETS

	AS OF DECEMBER 31,	
	2024	2023
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 236,644	\$ 419,677
Accounts receivable	467,669	251,081
TOTAL CURRENT ASSETS	704,313	670,758
TOTAL ASSETS	\$ 704,313	\$ 670,758
LIABILITIES AND MEMBERS' EQUITY:		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 10,913	\$ 20,942
Non-refundable training fee revenue	169,080	111,000
TOTAL CURRENT LIABILITIES	179,993	131,942
LONG-TERM LIABILITIES	-	-
TOTAL LIABILITIES	179,993	131,942
MEMBERS' EQUITY	524,320	538,816
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 704,313	\$ 670,758

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
STATEMENTS OF OPERATIONS

	FOR YEARS ENDED DECEMBER 31,		
	2024	2023	2022
REVENUES			
Training services	\$ 1,521,387	\$ 1,449,400	\$ 427,500
Royalties	264,075	241,798	13,062
Lead generation fees	4,561	251,717	138,800
Other revenue	243,666	162,884	39,204
TOTAL REVENUE	2,033,689	2,105,799	618,566
OPERATING EXPENSES			
Franchise and related costs	271,727	301,480	78,693
Franchisee marketing	10,312	286,528	97,636
Professional fees	326,810	248,955	102,592
Advertising and promotion	342,556	234,153	59,837
General and administrative	284,918	143,751	42,799
Payroll and related costs	74,746	54,597	14,357
TOTAL OPERATING EXPENSES	1,311,069	1,269,464	395,914
OPERATING INCOME	722,620	836,335	222,652
OTHER INCOME	-	163	-
NET INCOME	\$ 722,620	\$ 836,498	\$ 222,652

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	<u>Member Contributions</u>	<u>Accumulated Earnings</u>	<u>Total Member's Equity</u>
BALANCE, DECEMBER 31, 2021	\$ 20,000	\$ (15,259)	\$ 4,741
Member contributions (distributions)	20,000	(200,000)	(180,000)
Net income	-	222,652	222,652
BALANCE, DECEMBER 31, 2022	<u>40,000</u>	<u>7,393</u>	<u>47,393</u>
Member(distributions)	-	(345,075)	(345,075)
Net income	-	836,498	836,498
BALANCE, DECEMBER 31, 2023	<u>40,000</u>	<u>498,816</u>	<u>538,816</u>
Member(distributions)	-	(737,116)	(737,116)
Net income	-	722,620	722,620
BALANCE, DECEMBER 31, 2024	<u>\$ 40,000</u>	<u>\$ 484,320</u>	<u>\$ 524,320</u>

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
STATEMENTS OF CASH FLOWS

	FOR YEARS ENDED DECEMBER 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 722,620	\$ 836,498	\$ 222,652
Change in assets and liabilities			
Accounts receivable	(216,588)	(218,063)	(33,018)
Accounts payable and accrued expenses	(10,029)	17,794	2,949
Non-refundable deferred training revenue	58,080	22,500	88,500
Net cash provided by operating activities	554,083	658,729	281,083
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
Net cash (used) in investing activities	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Member distributions	(737,116)	(345,075)	(180,000)
Net cash (used) in financing activities	(737,116)	(345,075)	(180,000)
NET INCREASE (DECREASE) IN CASH	(183,033)	313,654	101,083
CASH, beginning of year	419,677	106,023	4,940
CASH, end of year	\$ 236,644	\$ 419,677	\$ 106,023
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Red Barn Homebuyers, LLC ("the Company") was formed on August 8, 2021, in the State of Georgia as a limited liability company. The Company grants franchises to qualified persons or business entities for the operation of a real estate investment business consisting of (a) purchasing, renovating, and selling real properties (traditional "house flipping") and/or (b) wholesaling real properties ("RB Business").

Affiliate

Red Barn Realty Group LLC ("RB Realty"). RB Realty is a licensed real estate company involved with the sale of properties listed by franchisees or third-party realtors to whom the franchisee refers property owners. RB Realty has never operated an RB Business. Except for RB Realty, the Company does not have any affiliates that provide goods or services to franchisees.

A summary of significant accounting policies follows:

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2024, and 2023.

Accounts Receivable

Accounts receivable arise in the normal course of business through franchise sales and royalties earned. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any allowance for doubtful accounts as of December 31, 2024, and 2023, and did not charge off any accounts receivable during the years ended December 31, 2024, 2023, and 2022.

Revenue Recognition Policies

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue is principally generated through franchise agreements with the Company's franchisees. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each performance obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition Policies (continued)

When a franchisee purchases a franchise, the Company grants the franchisee the rights to operate in a designated area and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). Revenues related to the license are continuing royalties based on performance tiers for each of three royalty types which apply to three different transaction types which are (1) acquisition royalty at the rate of .25% to 3%; (2) wholesaling profit royalty at the rate of the minimum fee or 5% to 10%; and (3) listing royalty at the rate of 10%. These revenues are used to continue the development of the Company's brand, the franchise system and provide ongoing support for the Company's franchisees over the term of the agreement. The royalties are billed on a transaction basis and are recognized as revenue when earned.

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory and license rights. These primarily include real estate training, system training services, and onboarding services that prepare the franchisee to successfully operate the RB Business. These fees are billed prior to the delivery of these services and is recognized on the delivery of those services.

Ancillary Franchise Fees

Lead generation services which serve as the franchisees lead generation advertising. Technology fee for software, technology, and related services. These fees are billed monthly and recognized when earned.

National Marketing Fund

The Company may implement a national marketing fund. Contribution to the fund would be 10% of the acquisition royalty fee. Contributions would be billed with each transaction and recognized as revenue when earned.

Income Taxes

The member of the Company has elected to be taxed as a "Subchapter S Corporation" under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its member and no provisions for federal or state taxes has been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's member. The Company's evaluation was performed for the years ended December 31, 2024, 2023, and 2022 for U.S. Federal Income Tax and the State of Georgia Income Tax.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense the years ended December 31, 2024, 2023, and 2022 was \$342,556, \$234,153, and \$59,837.

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

For the Company's financial instruments, which consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company recorded a liability for unearned revenue associated with the performance obligations in the Company's franchise agreements. The account balances and activity are as follows:

	December 31,	
	2024	2023
Deferred Non-refundable Training Revenue:		
Balance beginning of year	\$ 111,000	\$ 88,500
Deferral of non-refundable training revenue	1,579,467	1,471,900
Recognition of non-refundable training revenue	(1,521,387)	(1,449,400)
Balance at end of year	<u>\$ 169,080</u>	<u>\$ 111,000</u>

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2024, 2023, and 2022 is as follows:

	2024	2023	2022
Performance obligations satisfied at a point in time	\$ 2,033,689	\$ 2,105,799	\$ 618,566
Performance obligations satisfied by the passage of time	-	-	-
Total revenues	<u>\$ 2,033,689</u>	<u>\$ 2,105,799</u>	<u>\$ 618,566</u>

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 4 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 11, 2025, the date on which the financial statements were available to be issued.

RED BARN HOMEBUYERS, LLC

FINANCIAL REPORT
AS OF DECEMBER 31, 2023



RED BARN HOMEBUYERS, LLC

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Balance Sheet	5
Statement of Operations	6
Statement of Changes in Member's Equity	7
Statement of Cash Flows	8
Notes to Financial Statements	9



Independent Auditor's Report

To the Members
Red Barn Homebuyers, LLC
Woodstock, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheet of Red Barn Homebuyers, LLC as of December 31, 2023, and 2022, and the related statement of operations, members' equity and cash flows for the years ended December 31, 2023, and 2022, and the notes to financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Red Barn Homebuyers, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Office: (303) 999-6485



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Red Barn Homebuyers, 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 Red Barn Homebuyers, 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.

Reese CPA LLC

Ft. Collins, Colorado
May 24, 2024

RED BARN HOMEBUYERS, LLC
BALANCE SHEETS

	<u>AS OF DECEMBER 31,</u>	
	<u>2023</u>	<u>2022</u>
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 419,677	\$ 106,023
Accounts receivable	251,081	33,018
TOTAL CURRENT ASSETS	<u>670,758</u>	<u>139,041</u>
TOTAL ASSETS	<u><u>\$ 670,758</u></u>	<u><u>\$ 139,041</u></u>
LIABILITIES AND MEMBERS' EQUITY:		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 20,942	\$ 3,148
Non-refundable training fee revenue	111,000	88,500
TOTAL CURRENT LIABILITIES	<u>131,942</u>	<u>91,648</u>
LONG-TERM LIABILITIES	-	-
TOTAL LIABILITIES	<u>131,942</u>	<u>91,648</u>
MEMBERS' EQUITY	538,816	47,393
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 670,758</u></u>	<u><u>\$ 139,041</u></u>

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
STATEMENTS OF OPERATIONS

	FOR YEARS ENDED DECEMBER 31,	
	2023	2022
REVENUES		
Training services	\$ 1,449,400	\$ 427,500
Royalties	241,798	13,062
Lead generation fees	251,717	138,800
Other revenue	162,884	39,204
TOTAL REVENUE	2,105,799	618,566
OPERATING EXPENSES		
Franchise and related costs	301,480	78,693
Franchisee marketing	286,528	97,636
Professional fees	248,955	102,592
Advertising and promotion	234,153	59,837
General and administrative	143,751	42,799
Payroll and related costs	54,597	14,357
TOTAL OPERATING EXPENSES	1,269,464	395,914
OPERATING INCOME	836,335	222,652
OTHER INCOME	163	-
NET INCOME	\$ 836,498	\$ 222,652

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>Member Contributions</u>	<u>Accumulated Earnings</u>	<u>Total Member's Equity</u>
BALANCE, DECEMBER 31, 2021	\$ 20,000	\$ (15,259)	\$ 4,741
Member contributions (distributions)	20,000	(200,000)	(180,000)
Net income	-	222,652	222,652
BALANCE, DECEMBER 31, 2022	<u>40,000</u>	<u>7,393</u>	<u>47,393</u>
Member(distributions)	-	(345,075)	(345,075)
Net income	-	836,498	836,498
BALANCE, DECEMBER 31, 2023	<u>\$ 40,000</u>	<u>\$ 498,816</u>	<u>\$ 538,816</u>

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
STATEMENTS OF CASH FLOWS

	FOR YEARS ENDED DECEMBER 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 836,498	\$ 222,652
Change in assets and liabilities		
Accounts receivable	(218,063)	(33,018)
Accounts payable and accrued expenses	17,794	2,949
Non-refundable deferred training revenue	22,500	88,500
Net cash provided by operating activities	<u>658,729</u>	<u>281,083</u>
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
Net cash (used) in investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Member distributions	(345,075)	(180,000)
Net cash (used) in financing activities	<u>(345,075)</u>	<u>(180,000)</u>
NET INCREASE (DECREASE) IN CASH	313,654	101,083
CASH, beginning of year	<u>106,023</u>	<u>4,940</u>
CASH, end of year	<u>\$ 419,677</u>	<u>\$ 106,023</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Red Barn Homebuyers, LLC ("the Company") was formed on August 8, 2021, in the State of Georgia as a limited liability company. The Company grants franchises to qualified persons or business entities for the operation of a real estate investment business consisting of (a) purchasing, renovating, and selling real properties (traditional "house flipping") and/or (b) wholesaling real properties ("RB Business").

Affiliate

Red Barn Realty Group LLC ("RB Realty"). RB Realty is a licensed real estate company involved with the sale of properties listed by franchisees or third-party realtors to whom the franchisee refers property owners. RB Realty has never operated an RB Business. Except for RB Realty, the Company does not have any affiliates that provide goods or services to franchisees.

A summary of significant accounting policies follows:

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2023, and 2022.

Accounts Receivable

Accounts receivable arise in the normal course of business through franchise sales and royalties earned. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2023, and 2022, and did not charge-off any accounts receivable during the years ended December 31, 2023, and 2022.

Revenue Recognition Policies

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each performance obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition Policies (continued)

When a franchisee purchases a franchise, the Company grants the franchisee the rights to operate in a designated area and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). Revenues related to the license are continuing royalties based on performance tiers for each of three royalty types which apply to three different transaction types which are (1) acquisition royalty at the rate of .25% to 3%; (2) wholesaling profit royalty at the rate of the minimum fee or 5% to 10%; and (3) listing royalty at the rate of 10%. These revenues are used to continue the development of the Company's brand, the franchise system and provide ongoing support for the Company's franchisees over the term of the agreement. The royalties are billed on a transaction basis and are recognized as revenue when earned.

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory and license rights. These primarily include real estate training, system training services, and onboarding services that prepare the franchisee to successfully operate the RB Business. These fees are billed prior to the delivery of these services and is recognized on the delivery of those services.

Ancillary Franchise Fees

Lead generation services which serve as the franchisees lead generation advertising. Technology fee for software, technology, and related services. These fees are billed monthly and recognized when earned.

National Marketing Fund

The Company may implement a national marketing fund. Contribution to the fund would be 10% of the acquisition royalty fee. Contributions would be billed with each transaction and recognized as revenue when earned.

Income Taxes

The member of the Company has elected to be taxed as a "Subchapter S Corporation" under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its member and no provisions for federal or state taxes has been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's member. The Company's evaluation was performed for the year ended December 31, 2023, and 2022 for U.S. Federal Income Tax and the State of Georgia Income Tax.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense the year ended December 31, 2023, and 2022 was \$234,153, and \$59,837.

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

For the Company's financial instruments, which consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company recorded a liability for unearned revenue associated with the performance obligations in the Company's franchise agreements. The account balances and activity are as follows:

	December 31,	
	2023	2022
Deferred Non-refundable Training Revenue:		
Balance beginning of year	\$ 88,500	\$ -
Deferral of non-refundable training revenue	1,471,900	516,000
Recognition of non-refundable training revenue	(1,449,400)	(427,500)
Balance at end of year	<u>\$ 111,000</u>	<u>\$ 88,500</u>

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2023, and 2022 is as follows:

	2023	2022
Performance obligations satisfied at a point in time	\$ 2,105,799	\$ 618,566
Performance obligations satisfied through the passage of time	-	-
Total revenues	<u>\$ 2,105,799</u>	<u>\$ 618,566</u>

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through May 24, 2024, the date on which the financial statements were available to be issued.

RED BARN HOMEBUYERS, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2022



RED BARN HOMEBUYERS, LLC

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3
Balance Sheet	5
Statement of Operations	6
Statement of Changes in Member's Equity	7
Statement of Cash Flows	8
Notes to Financial Statements	9



Independent Auditor's Report

To the Members
Red Barn Homebuyers, LLC
Woodstock, Georgia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheet of Red Barn Homebuyers, LLC as of December 31, 2022, and the related statement of operations, members' equity and cash flows for the year ended December 31, 2022, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Red Barn Homebuyers, LLC as of December 31, 2022, and the results of their operations and their cash flows for the year ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Red Barn Homebuyers, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Red Barn Homebuyers, 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 Red Barn Homebuyers, 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.

Reese CPA LLC

Ft. Collins, Colorado
March 22, 2023

RED BARN HOMEBUYERS, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2022

ASSETS:

CURRENT ASSETS

Cash and equivalents	\$ 106,023
Accounts receivable	33,018
TOTAL CURRENT ASSETS	<u>139,041</u>

TOTAL ASSETS

\$ 139,041

LIABILITIES AND MEMBERS' EQUITY:

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 3,148
Non-refundable training fee revenue	88,500
TOTAL CURRENT LIABILITIES	<u>91,648</u>

LONG-TERM LIABILITIES

-

TOTAL LIABILITIES

91,648

MEMBERS' EQUITY

47,393

**TOTAL LIABILITIES AND
MEMBERS' EQUITY**

\$ 139,041

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
STATEMENT OF OPERATIONS
FOR YEAR ENDED DECEMBER 31, 2022

REVENUES	
Training services	\$ 427,500
Royalties	13,062
Lead generation	138,800
Other revenue	39,204
TOTAL REVENUE	<u>618,566</u>
OPERATING EXPENSES	
Franchise and related costs	176,329
Professional fees	102,592
Advertising and promotion	59,837
General and administrative	42,799
Payroll and related costs	14,357
TOTAL OPERATING EXPENSES	<u>395,914</u>
OPERATING INCOME	222,652
OTHER INCOME (EXPENSE)	-
NET INCOME	<u><u>\$ 222,652</u></u>

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR YEAR ENDED DECEMBER 31, 2022

	<u>Member Contributions</u>	<u>Accumulated Earnings</u>	<u>Total Member's Equity</u>
BALANCE, DECEMBER 31, 2021	\$ 20,000	\$ (15,259)	\$ 4,741
Member contributions (distributions)	20,000	(200,000)	(180,000)
Net income	-	222,652	222,652
BALANCE, DECEMBER 31, 2022	<u>\$ 40,000</u>	<u>\$ 7,393</u>	<u>\$ 47,393</u>

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	\$ 222,652
Change in assets and liabilities	
Accounts receivable	(33,018)
Accounts payable and accrued expenses	2,949
Non-refundable deferred training revenue	88,500
Net cash provided by operating activities	<u>281,083</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
	-
Net cash (used) in investing activities	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Member distributions	<u>(180,000)</u>
Net cash (used) in financing activities	<u>(180,000)</u>
NET INCREASE (DECREASE) IN CASH	101,083
CASH, beginning of year	<u>4,940</u>
CASH, end of year	<u>\$ 106,023</u>
SUPPLEMENTAL DISCLOSURES	
Cash paid for interest	\$ -
Cash paid for taxes	\$ -

The accompanying notes are an integral part of these financial statements.

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Red Barn Homebuyers, LLC ("the Company") was formed on August 8, 2021, in the State of Georgia as a limited liability company. The Company grants franchises to qualified persons or business entities for the operation of a real estate investment business consisting of (a) purchasing, renovating, and selling real properties (traditional "house flipping") and/or (b) wholesaling real properties ("RB Business").

Affiliate

Red Barn Realty Group LLC ("RB Realty"). RB Realty is a licensed real estate company involved with the sale of properties listed by franchisees or third-party realtors to whom the franchisee refers property owners. RB Realty has never operated an RB Business. Except for RB Realty, the Company does not have any affiliates that provide goods or services to franchisees.

Location Information

Changes in the number of franchises for the period from June 6, 2022 (Inception) to December 31, 2022 consist of the following:

	<u>2022</u>
Units in operation, beginning	1
Units opened	13
Units terminated or closed	<u>-</u>
Units in operation, ending	<u>14</u>
Franchised units	13
Affiliate owned units	1

A summary of significant accounting policies follows:

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022.

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable arise in the normal course of business through franchise sales and royalties earned. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2022, and did not charge-off any accounts receivable during the year ended December 31, 2022.

Revenue Recognition Policies

The Company recognizes revenue under the guidance of ASC 606 "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each performance obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a franchisee purchases a franchise, the Company grants the franchisee the rights to operate in a designated area and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("the license"). Revenues related to the license are continuing royalties based on performance tiers for each of three royalty types which apply to three different transaction types which are (1) acquisition royalty at the rate of .25% to 3%; (2) wholesaling profit royalty at the rate of the minimum fee or 5% to 10%; and (3) listing royalty at the rate of 10%. These revenues are used to continue the development of the Company's brand, the franchise system and provide ongoing support for the Company's franchisees over the term of the agreement. The royalties are billed on a transaction basis and are recognized as revenue when earned.

Revenue from initial fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory and license rights. These primarily include real estate training, system training services, and onboarding services that prepare the franchisee to successfully operate the RB Business. These fees are billed prior to the delivery of these services and is recognized on the delivery of those services.

Ancillary Franchise Fees

Lead generation services which serve as the franchisees lead generation advertising. Technology fee for software, technology, and related services. These fees are billed monthly and recognized when earned.

National Marketing Fund

The Company has reserved the right implement a national marketing fund. Contribution to the fund would be 10% of the acquisition royalty fee. Contributions would be billed with each transaction and recognized as revenue when earned. The Company had no contributions to the national marketing fund for the year ended December 31, 2022.

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The member of the Company has elected to be taxed as a “Subchapter S Corporation” under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its member and no provisions for federal or state taxes has been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's member. The Company's evaluation was performed for the year ended December 31, 2022 for U.S. Federal Income Tax and the State of Georgia Income Tax.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense the year ended December 31, 2022, was \$59,837.

Fair Value of Financial Instruments

For the Company's financial instruments which consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company recorded a liability for unearned revenue associated with the performance obligations in the Company's franchise agreements. The account balances and activity are as follows:

	December 31, 2022
Deferred Non-refundable Training Revenue:	
Balance beginning of year	\$ -
Deferral of non-refundable training revenue	516,000
Recognition of non-refundable training revenue	(427,500)
Balance at end of year	<u>\$ 88,500</u>

RED BARN HOMEBUYERS, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the year ended December 31, 2022, is as follows:

	2022
Performance obligations satisfied at a point in time	\$ 618,566
Performance obligations satisfied through the passage of time	-
Total revenues	<u>\$ 618,566</u>

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 4 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 22, 2023, the date on which the financial statements were available to be issued.

EXHIBIT "F"
TO DISCLOSURE DOCUMENT
OTHER AGREEMENTS

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (this “Agreement”) is entered into as of _____, 202____, by and between Red Barn Homebuyers, LLC, a Georgia limited liability company (“Disclosing Party”) and _____ (“Receiving Party”). Disclosing Party and Receiving Party may be referred to individually as a “Party” and collectively as the “Parties”.

BACKGROUND

In connection with due diligence conducted by Receiving Party relating to the potential acquisition of Red Barn franchise rights, Receiving Party has requested that it be allowed to review and inspect Disclosing Party’s confidential Web-Based Brand Standards Manual (the “Manual”) pertaining the development and operation of a franchised Red Barn Business (an “RB Business”). The Manual contains Disclosing Party’s trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of an RB Business, including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and other information comprising the “System”. The “System” refers to Disclosing Party’s system for the operation of an RB Business, the distinctive characteristics of which include: proprietary marketing and lead generation programs and strategies; proprietary property assessment and evaluation tools and know-how; proprietary software; methodologies and techniques; discount purchasing programs; personalized coaching programs; network of real estate investment professionals; and operating system. The information contained in the Manual is referred to herein as the “Confidential Information.”

AGREEMENT

As a condition and in consideration of the disclosure and receipt of the Confidential Information, Receiving Party agrees to the following provisions of this Agreement.

1. Receiving Party agrees that, except to the extent permitted by Disclosing Party in writing:
 - i. Receiving Party may review the Manual only at a location reasonably acceptable to Disclosing Party;
 - ii. Receiving Party may not copy or record any portion of the Manual or any Confidential Information contained therein;
 - iii. Receiving Party shall not disclose Confidential Information to any person other than Receiving Party’s affiliates, directors, officers and advisors who have a legitimate need to know such information (such persons are referred to as the “Other Recipients”);
 - iv. Receiving Party shall inform each Other Recipient of the confidential nature of such information and shall direct such Other Recipient to treat such information confidentially in accordance with this Agreement;
 - v. the Confidential Information will be used solely for the purpose of evaluating the contemplated franchise opportunity and for no other purpose; and
 - vi. Receiving Party shall comply with all protective measures reasonably prescribed by Disclosing Party to ensure the protection of Confidential Information.

Receiving Party shall be responsible for any damages to Disclosing Party if any of the Other Recipients fail to treat the Confidential Information confidentially as required by this Agreement.

2. If Receiving Party or any of the Other Recipients become legally compelled to disclose any of the Confidential Information, Receiving Party shall provide Disclosing Party with prompt prior written notice so that Disclosing Party may seek a protective order or other appropriate remedy or waive compliance with the terms of this Agreement. If the protective order or other remedy is not obtained, or Disclosing Party waives compliance with the provisions hereof, Receiving Party agrees to furnish only that portion of the Confidential Information that is legally required to be furnished and to exercise its best efforts to obtain assurance that confidential treatment will be accorded such Confidential Information.
3. Confidential Information shall not include information which: (i) is now, or hereafter becomes, generally known or available to the public through no breach of this Agreement by Receiving Party; (ii) was in the possession of

Receiving Party without restriction as to use or disclosure before receiving such information from Disclosing Party; (iii) is acquired by Receiving Party from a source other than Disclosing Party without breach of any obligation of confidentiality owing to Disclosing Party of which Receiving Party has knowledge; or (iv) is independently developed by Receiving Party without use of or reference to any Confidential Information.

4. The Parties acknowledge and agree that in the event of any breach of the obligations imposed by this Agreement, Disclosing Party may be irreparably and immediately harmed. Accordingly, it is agreed that Disclosing Party, in addition to any other remedy to which it may be entitled in law or equity, shall be entitled to an injunction or injunctions to prevent breach of this Agreement and/or to compel specific performance of this Agreement. Disclosing Party may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and Receiving Party's sole remedy, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If Disclosing Party brings any legal action or other proceeding to enforce the terms of this Agreement or otherwise incurs legal fees to enforce a breach of this Agreement, Disclosing Party shall be entitled to recover its reasonable attorneys' fees and costs incurred in connection with such proceeding or enforcement efforts.
5. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Georgia. The Parties unconditionally and irrevocably consent to the jurisdiction of the courts of the State of Georgia in connection with any legal proceedings arising from or relating to this Agreement or the enforcement or interpretation of the terms hereof, and the Parties hereby waive any objection to such venue.
6. It is further understood and agreed that no failure or delay by Disclosing Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.
7. Each Party hereby agrees that no provision in this Agreement can be waived or amended except by written consent of the other Party.
8. The covenants of confidentiality set forth herein shall continue and must be maintained from the date hereof until such time that the Confidential Information no longer qualifies as Confidential Information under Section 3; *provided, however*, that if the Parties enter into a Red Barn Franchise Agreement, then Receiving Party shall be permitted to use and disclose Confidential Information in accordance with the terms of the Franchise Agreement.

In Witness Whereof, the Parties have entered into this Agreement on the date set forth above.

Red Barn Homebuyers, LLC

[_____]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT "G"-1

STATE ADDENDA

[See Attached]

STATE ADDENDA AND AGREEMENT RIDERS
ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS,
AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR
Red Barn Homebuyers, LLC

BACKGROUND AND PURPOSE

The following modifications are made to the Red Barn Franchise Disclosure Document (“FDD” or “Disclosure Document”) issued by Red Barn Homebuyers, LLC (“we” or “us” or “franchisor”) to franchisee (“you” or “franchisee”) and may supersede, to the extent required by applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 202__ (the “Franchise Agreement”). When the term “Supplemental Agreements” is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum (“State Addendum”) will modify these agreements to comply with the applicable state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring you to assent to a general release.
2. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.
3. We will comply with Minnesota Statute Section 80C.14, Subds. 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 or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
4. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce 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. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.
5. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
6. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.
7. NSF checks and related interest and attorneys' fees are governed by Minnesota Statute §604.113, which puts a cap of \$30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys' fees.
8. 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 this franchise.

~~9. Items 5 and 7 of this Disclosure Document are amended to include the following:~~

~~"All fees referenced are subject to deferral pursuant to order of the State of Minnesota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business."~~

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- | | | |
|-------------------------------------|---|---------------------------------------|
| ☐ California | ☐ Michigan | ☐ South Dakota |
| ☐ Hawaii | ☒ Minnesota | ☐ Virginia |
| ☐ Illinois | ☐ New York | ☐ Washington |
| ☐ Indiana | ☐ North Dakota | ☐ Wisconsin |
| ☐ Maryland | ☐ Rhode Island | |

Dated: _____, 202____

FRANCHISOR:

Red Barn Homebuyers, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

EXHIBIT “G”-2

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this “Agreement”) is made as of _____, 202__ (the “Effective Date”) by _____, a(n) _____ (“you”) and each individual holding a direct or indirect ownership interest in you (collectively “Owner”) in favor of Red Barn Homebuyers, LLC, a Georgia limited liability company (“us,” and together with you and Owner, the “Parties”).

Background

- A. We signed a Franchise Agreement with you, dated _____, 202__ (the “Franchise Agreement”) pursuant to which we granted you the right to own and operate a Red Barn real estate investment business;
- B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**]; and
- C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.
- D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

Agreement

- 1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the “Franchisee Parties”), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the “Franchisor Parties”), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.
- 2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive Section 1542 of the California Civil Code, which provides the following:

“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.”

[Section 2 only applies for California franchisees; otherwise it is omitted]

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

[Section 3 only applies for Washington franchisees; otherwise it is omitted]

- 4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making

of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].
6. Communications with Governmental Authorities. Nothing in this Agreement shall restrict or be deemed to preclude you from disclosing truthful information to governmental authorities in response to any request for information you receive from them.
7. Miscellaneous.
 - (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.
 - (b) This Agreement shall be construed and governed by the laws of the State of Georgia.
 - (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.
 - (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.
 - (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.
 - (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
 - (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.
 - (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

In witness whereof, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

By: _____

Name: _____

Its: _____

FRANCHISE OWNERS:

Name: _____

Name: _____

Name: _____

EXHIBIT “G”-3

PROMISSORY NOTE

[See Attached]

PROMISSORY NOTE

KEY TERMS	
Creditor	Rock Springs Enterprises, Inc., a Georgia limited liability company
Payment Address	12460 Crabapple Rd., Suite 202-377, Alpharetta, Georgia 30004
Debtor	[REDACTED], a(n) [REDACTED]
Guarantor(s)	[REDACTED] & [REDACTED]
Principal Amount of Loan	\$[REDACTED].00 USD
Loan Date	[REDACTED], 202[REDACTED]
City & State of Issuance	[REDACTED], [REDACTED]
Stated Interest Rate	0% per annum for initial 90-day period after Loan Date (“ <u>Interest Free Period</u> ”) 12% per annum commencing upon the expiration of the Interest Free Period
Term of Loan	180 days

- 1. KEY TERMS.** The terms and information set forth in the table above entitled “KEY TERMS” are hereby incorporated by reference and form an integral part of this Promissory Note (the “Note”).
- 2. BACKGROUND.** Creditor’s affiliate, Red Barn Homebuyers, LLC, a Georgia limited liability company (“Franchisor”), grants franchises for the operation of a real estate investment business (a “Red Barn Business”) that consists of (a) purchasing, renovating and selling real properties and/or (b) wholesaling real properties. Concurrently with the execution of this Note, Franchisor and Debtor are entering into a Red Barn Franchise Agreement (the “Franchise Agreement”), pursuant to which Franchisor will grant Debtor the right and obligation to own and operate a Red Barn Business. Upon execution of the Franchise Agreement, Debtor is required to pay Franchisor initial fees for various training, coaching and other onboarding services in the total amount of **[\$34,500 OR \$31,050]** (the “Initial Fee”). Debtor has requested a loan from Creditor in order pay the Initial Fee owed to Franchisor.
- 3. EXTENSION OF CREDIT.** Subject to Debtor’s compliance with all of its obligations set forth herein, Creditor hereby agrees to loan to Debtor the sum of \$[REDACTED].00 USD (the “Loan Proceeds”). Debtor shall utilize the Loan Proceeds exclusively for purposes of payment of the Initial Fee owed to Franchisor.
- 4. PROMISE TO PAY.** Debtor hereby promises to pay to Creditor the principal amount of the Loan Proceeds, together with interest on the principal balance outstanding hereunder, from (and including) the Loan Date until (but not including) the date of payment in full, at a per annum rate equal to the Stated Interest Rate specified below in accordance with the terms and conditions set forth herein.
- 5. CONTRACTED FOR RATE OF INTEREST.** The contracted for rate of interest consists of the following: (a) the Stated Interest Rate calculated monthly, applied to the principal balance from time to time outstanding hereunder (but excluding the Interest Free Period) and (b) all Additional Sums (as defined in §9), if any. Debtor agrees to pay an effective contracted for rate of interest which is the sum of the Stated Interest Rate plus any additional rate of interest resulting from the application of the Additional Sums, if any.
- 6. STATED INTEREST RATE.** The principal balance outstanding hereunder from time to time shall bear interest at the Stated Interest Rate. The Stated Interest Rate shall be equal to: (a) 0% per annum during the Interest Free Period; and (b) 12% per annum after the expiration of the Interest Free Period.
- 7. LATE CHARGE.** If Creditor has not received the full amount of any interest or principal payment within 10 days after its due date, Debtor shall pay to Creditor a late charge in the amount of 10% of the overdue payment. Debtor will pay this late charge only once on any late payment. Any late charge incurred by Debtor will be paid upon demand by Creditor.

8. **PAYMENTS.** Debtor agrees to repay the Note in accordance with the following payment schedule:

Payment	Payment Date	Beginning Balance	Scheduled Payment	Principal	Interest	Ending Balance
1	___/___/202__	\$____.____	\$____.____	\$____.____	\$____.____	\$____.____
2	___/___/202__	\$____.____	\$____.____	\$____.____	\$____.____	\$____.____
3	___/___/202__	\$____.____	\$____.____	\$____.____	\$____.____	\$____.____
4	___/___/202__	\$____.____	\$____.____	\$____.____	\$____.____	\$____.____
5	___/___/202__	\$____.____	\$____.____	\$____.____	\$____.____	\$____.____
6	___/___/202__	\$____.____	\$____.____	\$____.____	\$____.____	\$____.____

9. **ADDITIONAL SUMS.** For purposes of this Note “Additional Sums” means all fees, charges or other sums or things of value (other than the interest resulting from the Stated Interest Rate) that are: (a) paid or payable by Debtor pursuant to this Note or any other document or instrument relating to this Note; and (b) deemed to be “interest” charged by Creditor for purposes of any Georgia law that limits the maximum amount of interest that may be charged in connection with this Note (“Georgia Usury Law”). All Additional Sums shall be payable by Debtor as, and shall constitute, additional interest and the agreed upon “contracted for rate of interest” of this Note shall be deemed increased by the rate of interest resulting from the Additional Sums. It is the understanding and belief of both Debtor and Creditor that the financing transaction evidenced by this Note complies with Georgia Usury Law. If any interest or other charges imposed in connection with this Note are ever determined to exceed the maximum amount permitted by Georgia Usury Law, then Debtor agrees that: (a) the amount of interest or charges imposed in connection with this Note shall be reduced to the maximum amount permitted by Georgia Usury Law; and (b) any amount previously collected from Debtor in connection with this Note that exceeded the maximum amount permitted by Georgia Usury Law at the time such amount became payable hereunder will be credited against the principal balance then outstanding hereunder (or will be refunded to Debtor if the outstanding principal balance hereunder has been paid in full).
10. **APPLICATION AND MANNER OF PAYMENTS.** Payments received by Creditor with respect to the indebtedness evidenced hereby shall be applied in such order and manner as Creditor may elect in its sole discretion. Unless otherwise elected by Creditor, payments shall first be applied to any late charge imposed pursuant to §7, then to accrued and unpaid interest at the Stated Interest Rate, next to the principal balance then outstanding hereunder, and the remainder to any Additional Sums or other costs or added charges provided for herein. Payments shall be made at the Payment Address set forth above or such other address that Creditor specifies to Debtor in writing.
11. **PREPAYMENTS.** Payments of principal may be made at any time, in whole or in part, without penalty, provided that all previously matured interest and other charges accrued to the date of prepayment are also paid in full. Notwithstanding any partial prepayment of principal, there will be no change in the due date or amount of scheduled payments due hereunder unless Creditor, in its sole discretion, agrees in writing to such change.
12. **EVENTS OF DEFAULT.** The occurrence of any one or more of the following events shall constitute an “Event of Default”: (a) nonpayment of principal, interest or other amounts when due; (b) the calling of a meeting of the creditors of Debtor or any Guarantor; (c) the making by Debtor or any Guarantor of an assignment for the benefit of its creditors; (d) the appointment of a receiver of Debtor or any Guarantor, or the involuntary filing against or voluntary filing by Debtor or any Guarantor of a petition or application for relief under federal bankruptcy law or any similar state or federal law, or the issuance of any writ of garnishment, execution or attachment for service with respect to Debtor (or any assets owned by Debtor) or any Guarantor (or any assets owned by any Guarantor); (e) Debtor’s transfer of any right or obligation under this Note without Creditor’s prior written consent; or (f) termination of the Franchise Agreement for any reason by either Franchisor or Debtor. Upon the occurrence of an Event of Default, the entire principal balance outstanding hereunder, together with all accrued interest and other amounts payable hereunder, at the election of Creditor, shall become immediately due and payable upon notice to Debtor.

13. **PERSONAL GUARANTY.** If Debtor is a legal entity, the Guarantor(s) listed above (which shall include each person owning any equity interest in Debtor and the spouse of each such person) shall personally guarantee Debtor's obligations under this Note pursuant to §5 of the Franchise Owner Agreement executed by Guarantor(s) in connection with the Franchise Agreement. For purposes of clarity, this Note shall be deemed a "Definitive Agreement" for purposes of the Franchise Agreement and the Franchise Owner Agreement. Except for the personal guarantee of the Guarantors, this Note and the indebtedness evidenced hereby is an unsecured obligation of Debtor.
14. **WAIVERS.** Except as set forth in this Note or the Franchise Agreement, to the extent permitted by applicable law, Debtor and the Guarantor(s) severally waive and agree not to assert: (a) demand, diligence, grace, presentment for payment, protest, notice of nonpayment, nonperformance, extension, dishonor, maturity, protest and default; and (b) recourse to guaranty or suretyship defenses, including, without limitation, the right to require Creditor to bring an action on this Note. Creditor may extend the time for payment of or renew this Note or release any party from liability hereunder, and any such extension, renewal, release or other indulgence shall not alter or diminish the liability of Debtor or any Guarantor except to the extent expressly set forth in a writing evidencing or constituting such extension, renewal, release or other indulgence.
15. **COSTS OF COLLECTION.** Debtor agrees to pay all costs of collection in the event any payment of interest, principal or other amount is not paid when due. If Creditor must enforce this Note in a judicial or arbitration proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees and arbitration costs. In addition, if Debtor breaches any of its obligations under this Note, Debtor must reimburse Creditor for all reasonable legal fees and other expenses Creditor incurs relating to such breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.
16. **MISCELLANEOUS.**
- (a) **Governing Law.** This Note shall be construed in accordance with and governed by the laws of the state of Georgia without reference to its principles of conflicts of law.
 - (b) **Jurisdiction and Venue.** Debtor and Guarantor(s) hereby expressly agrees that in the event any actions or other legal proceedings are initiated by or against Debtor, Creditor or Guarantor(s) involving any alleged breach or failure by any party to pay, perform or observe any sums, obligations or covenants to be paid, performed or observed by it under this Note or involving any other claims or allegations arising out of the transactions evidenced or contemplated by this Note, regardless of whether such actions or proceedings shall be for damages, specific performance or declaratory relief or otherwise, such actions shall be brought in the jurisdiction and venue specified in the Franchise Agreement. Debtor and Guarantor(s) consent to such jurisdiction and venue and waive any defenses related thereto. Any action arising under this Note shall be brought in accordance with the dispute resolution provisions contained within the Franchise Agreement.
 - (c) **No Waiver.** No delay or failure by Creditor to exercise any right hereunder shall affect such right, nor shall any single or partial exercise of any right preclude further exercise thereof.
 - (d) **Joint and Several Liability.** If Debtor is comprised of more than one person or entity, the obligations of each of the persons or entities of which Debtor is comprised shall be joint and several.
 - (e) **Time of Essence.** Time is of the essence of this Note and each and every provision hereof.
 - (f) **Amendments.** This Note constitutes the entire agreement between the parties and may not be changed except by a written document signed by both parties.
 - (g) **Severability.** If any provision hereof is invalid or unenforceable, the other provisions hereof shall remain in full force and effect and shall be liberally construed in favor of Creditor in order to effectuate the other provisions hereof.
 - (h) **Binding Nature.** The provisions of this Note are binding on Debtor and Debtor's owners, officers, heirs, personal representatives, successors and assigns, and shall inure to the benefit of Creditor and any subsequent holder of all or any portion of this Note, and their respective successors and assigns.

- (i) Assignment. Debtor may not assign this Note or any of its rights or obligations hereunder without Creditor's prior written consent, which consent may be withheld in Creditor's sole discretion. Creditor may from time to time transfer all or any part of its interest in this Note without prior notice to Debtor.
- (j) Notice. All notices given in connection with this Note must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days' prior written notice):

Creditor: Rock Springs Enterprises, Inc.
12460 Crabapple Rd., Suite 202-377
Alpharetta, Georgia 30004
Attention: _____
Email: _____

Debtor: _____

Attention: _____
Email: _____

Notice shall be considered given on: (a) the date delivered by hand or sent by email or comparable electronic system (including any notice that is also sent by mail); or (b) three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

- (k) Construction. This Note shall be construed as a whole, in accordance with its fair meaning, and without regard to or taking into account any presumption or other rule of law requiring construction against the party preparing this Note. The section headings set forth in this Note are for convenience only and shall not have substantive meaning hereunder or be deemed part of this Note.

IN WITNESS WHEREOF, the parties have executed this Note as of the Loan Date set forth above.

DEBTOR

By: _____

Name: _____

Its: _____

CREDITOR

By: _____

Name: _____

Its: _____

ACKNOWLEDGED AND AGREED TO BY THE FOLLOWING GUARANTOR(S):

By: _____

Name: _____

By: _____

Name: _____

EXHIBIT “G”-4

CREDIT AGREEMENT (COPPER ROCK FINANCIAL)

[See Attached]



COPPER ROCK
FINANCIAL

Credit Agreement

FINANCIAL

1. Certification: I, the undersigned, certify the following:

A) I request that Copper Rock Financial, LLC apply for multiple credit cards on my behalf. These may include Bank Cards, Business Credit Cards, Lines of Credit, Bank Loans, and Vendor Credit accounts. Let it be known to all persons that I have given true, lawful and expressed permission to act on my behalf, in place of my stead, for the specific and limited purpose of applying for credit accounts, processing and endorsing documentation with regards to those applications for a time period of four (4) months from the effective date. B) I have completed the application fields containing personal information and information on the business. I made no misrepresentations in the application, nor did I omit any pertinent information. I understand and agree that the potential lenders who receive the applications reserve the right to request documentation to support these statements. This may include verifying the information provided on the application with the applicant or other means. C) I understand that I will be held responsible both personally and jointly with the business for any lines I choose to utilize or authorize any other person to utilize.

2. Authorization to Release Information

A) As part of the application and verification process, I authorize Copper Rock Financial LLC to provide potential lenders via phone, mail, fax, or Internet with the information in this document as part of the underwriting process. B) I understand that my personal credit and/or business credit will be reviewed by potential lenders as part of the underwriting process and that this will result in numerous inquiries in my personal and business credit report.

PERSONAL INFORMATION:

FIRST NAME	MIDDLE INITIAL	LAST NAME
EMAIL ADDRESS	HOME PHONE NUMBER	CELL PHONE NUMBER
HOME ADDRESS	YEARS AT ADDRESS	CITY/STATE/ZIP CODE
SOCIAL SECURITY NUMBER	DATE OF BIRTH	MOTHERS MAIDEN NAME
US CITIZEN (YES OR NO)	HOUSEHOLD INCOME	DRIVERS LICENSE NUMBER
EMPLOYMENT STATUS	EMPLOYER NAME	TIME AT CURRENT EMPLOYER
JOB TITLE	DO YOU RENT OR OWN?	MONTHLY RENT OR MORTGAGE PAYMENT
HAVE YOU EVER FILED FOR BANKRUPTCY?	IF SO, WHEN?	DID YOU SERVE IN THE US MILITARY?
BUSINESS NAME	EIN NUMBER	BUSINESS YEARLY REVENUE

Signature

Date

BUSINESS CONSULTING SERVICES AGREEMENT

This business consulting services agreement (this "Agreement"), dated as of _____ (the "Effective Date"), is between and among _____, and individual residing in the state of _____, for the purpose of carrying out the matters set forth herein (referred to herein as "Client," "you," or "your"), and Copper Rock Financial LLC, a Utah limited liability company, ("Consultant", and together with the Client, the "Parties") as per the terms below.

1. SCOPE AND SERVICES. Client retains and hires Consultant to provide consulting services and assistance related to establishing financial and credit accounts on behalf of Client and Client's business (the "Services"), including credit cards, lines of credit, bank loans or other similar financial accounts (each an "Account" and collectively, "Accounts") with lenders and other financial service providers (each, a "Lender"). At Consultant's discretion and at any time after the Effective Date, Consultant may evaluate the creditworthiness of Client by obtaining a credit report or other background information about Client or Client's business from appropriate sources. Client hereby authorizes Consultant to obtain such information.

2. TERM. The term of this Agreement shall be from the Effective Date until it is terminated or whenever the Consultant deems all possible bank applications have been submitted and dispositioned, whichever is earlier to occur (the "Term").

3. CREDIT ESTABLISHMENT FEES AND TERMS.

3.1 Service Fees. Client agrees to pay Consultant the fees related to the Services in the amount of 10% of the funding total or \$4,000 (whichever is less). The funding total will be defined as the aggregate total of all credit cards, bank loans, and business credit lines obtained by Copper Rock Financial for the client. The client will be responsible for updating the Consultant on application approvals and corresponding credit limits. If the client does not update the Consultant on the approval amounts, Copper Rock Financial will assume the approval limit to total the average of the other credit lines obtained and this total will be used in calculating the fee due. The fee will be due within (7) days from the last completed credit application.

3.2 Interest Rates and Credit Terms. Consultant will use its best efforts to acquire credit lines that offer promotional rates of 0% interest typically for 12-18 months and Consultant shall use commercially reasonable efforts to provide accurate rate information relating to new Accounts; however, Consultant can make no guarantee as to the terms in which credit may be granted to Client as terms vary from bank to bank.

3.3 Certain Fees Non-Refundable. The Fees are not contingent on Client's need or lack thereof for new Accounts and, as such, Client may not cancel, withdraw, intentionally cause to be denied, or fail to follow-through on a credit application in a timely matter, unless the Consultant authorizes such action in writing to do so.

3.4 Client's Reporting Relating to Accounts. To facilitate the provision of the Services Client shall receive notices from various Lenders related to potential Accounts. Client shall provide to Consultant all correspondence from each Lender upon receipt. If Client does not provide Consultant an approval or denial letter from a Lender within fourteen (14) days of each credit application's submission date (as evidenced by the e-mail sent to Client disclosing a Lender's name, contact information, and instructions for Client), then Consultant shall apply the anticipated credit amount associated with such potential Account (the "Anticipated Credit") towards the funding total. Client's initial below certifies that any and all such credit applications may be deemed approved and funded for the full requested amount if Client fails to timely provide Consultant with denial letters associated therewith. The Anticipated Credit amount shall be added to Consultant's record of the total credit obtained by Client related to the Services and be billed according to the terms of this Agreement and will become non-refundable.

3.5 Account Reporting to Credit Bureaus. Client understands that Consultant does not control how a Lender chooses to report any Account to a credit bureau. A Lender may choose to report any Accounts at any time for any or no reason. Therefore, Consultant in no way guarantees that Accounts will not be reported by the issuing Lender, or that Lenders will not choose to report to credit bureaus after an Account has been obtained.

3.6 Credit Line Adjustments. Client understands that there is always a possibility that a Lender may lower Client's credit limit or take some other type of adverse action after Client is granted credit, either arbitrarily or because of deterioration in Client's credit rating, perceived creditworthiness or due to Client's actions or omissions. Client understands that such decisions are out of Consultant's control and Consultant will not issue any refunds notwithstanding a decrease in the available credit or penalties associated with an Account. Specifically, Client acknowledges and understands that any failure on Client's part related to an Account could cause the initial terms related thereto to become forfeit, which circumstances may cause Client financial hardship.

4. CLIENT COVENANTS. At all times during the Term, Client agrees to:

- a. Be truthful with Consultant and Lenders and provide complete and accurate information;
- b. Provide accurate payment information in a timely manner when amounts are due hereunder;
- c. Provide to Consultant all documentation, executed applications, notices, correspondence and or other information ("Account Information") within seven (7) days of the date received by or created by Client in connection with Accounts; and d. Client agrees not to apply for and/or establish any new credit Account(s) without the prior written approval of Consultant for a minimum of forty-five (45) days from the Effective Date, or such other reasonable period of time approved of in writing by Consultant. If Client applies for credit without prior written approval from Consultant, Client shall be liable for the payment of the Fees.

Client Initials:

5. COSTS & EXPENSES; INVOICES; PAST DUE AMOUNTS.

a. All amounts due and or past due to Consultant will be billed as agreed upon herein, or as otherwise agreed upon in writing. b. Upon the termination or expiration of this Agreement, all unpaid charges, costs and expenses, whether invoiced or not as of such time, shall become immediately due and payable.

6. SUSPENSION/TERMINATION OF CONSULTING SERVICES.

a. Consultant has the right to suspend performance of Services upon five (5) days' written notice to Client of Client's failure to pay Consultant or any other breach of this Agreement. Such suspension shall continue until the breach is cured or this Agreement is terminated.
b. Consultant may terminate this Agreement upon its breach by Client. Client may terminate this Agreement only in the event of a material breach of this Agreement by Consultant that remains uncured for more than thirty (30) days following Consultant's receipt of written notice thereof.
c. Client shall not be entitled to any reimbursement, refund, or return of any amounts paid to Consultant hereunder as a result of the termination of this Agreement by Consultant for Client's breach.

7. INDEMNIFICATION. Client shall indemnify, defend and hold Consultant, and Consultant's subsidiaries and affiliated companies, distributors, and their respective officers, members, managers, employees, agents and other representatives harmless from and against any and all claims, actions, suits, judgments, damages, losses, and expenses (including reasonable attorney fees) of whatsoever kind and nature imposed on, incurred by, or asserted against Consultant by any third party, arising out of the Services due to any breach by the Client of any covenant or other provision hereof.

8. RELEASE OF ALL LIABILITY ASSOCIATED WITH CLIENT'S USE OF FUNDS OR CREDIT. Client acknowledges that Consultant has no ability to, nor shall it assert any control over, the funds or other benefit derived by Client from the Services. Therefore, in consideration of Consultant's agreement to provide the Services, Client agrees on behalf of himself/herself/itself (and all of his/her/its personal representatives, heirs, executors, administrators, agents, and assigns) to release and discharge Consultant (and Consultant's affiliates, related entities, employees, agents, representatives, successors, and assigns) from any and all claims or causes of action (known or unknown) arising out of the use of funds derived from or related to the Services by Client or Client's personal representatives, heirs, executors, administrators or agents.

9. CONFIDENTIAL INFORMATION. Consultant acknowledges that it may receive statutorily confidential personal information during the performance of the services. Consultant agrees that such information is of a highly confidential nature, and that, unless Consultant has the prior written approval of Client, both during and after the Term of this Agreement, Consultant shall not, without the prior written consent of Client: (i) use or disclose to any third party any details regarding Client or Client's business, including, without limitation any information regarding any of the Client's customer information, business plans, or price points (the "Confidential Information"); (ii) make copies of any Confidential Information or any content based on the concepts contained within the Confidential Information for personal use or for distribution, or (iii) use the Confidential Information other than solely for the benefit of Client; except that Consultant may disclose Confidential Information to persons who may be designated to work with Consultant in order to provide the Services.

10. DISCLAIMERS. The Services are not to be construed in any way whatsoever as legal advice or of a legal nature. CONSULTANT HEREBY DISCLAIMS AND EXPRESSLY WAIVES ANY AND ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. ALL SERVICES ARE PROVIDED "AS IS." CONSULTANT IS PROVIDING SERVICES TO ASSIST CLIENT. CLIENT IS RESPONSIBLE FOR REVIEWING INFORMATION ASSOCIATED WITH THE SERVICES AND THE RESULTS OBTAINED FROM ITS USE OF THE INFORMATION ASSOCIATED WITH THE SERVICES. NOTHING IN THIS AGREEMENT, AND NOTHING IN CONSULTANT'S STATEMENTS TO CLIENT, MAY BE CONSTRUED AS A PROMISE OR GUARANTEE ABOUT THE POTENTIAL OUTCOME OF UTILIZING THE SERVICES OR THE SUCCESS OF CLIENT'S BUSINESS. CONSULTANT'S ENTIRE LIABILITY AND CLIENTS' SOLE AND EXCLUSIVE REMEDY FOR ANY BREACH OF THIS WARRANTY IS FOR CONSULTANT, UPON RECEIPT OF WRITTEN NOTICE, TO USE DILIGENT EFFORTS TO CURE A BREACH UNDER NO CIRCUMSTANCES AND UNDER NO LEGAL THEORY (WHETHER IN CONTRACT, TORT, NEGLIGENCE OR OTHERWISE) WILL EITHER PARTY TO THIS AGREEMENT, OR THEIR AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUPPLIERS OR LICENSORS BE LIABLE TO THE OTHER PARTY OR ANY THIRD PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, CONSEQUENTIAL, PUNITIVE OR OTHER SIMILAR DAMAGES, INCLUDING LOST PROFITS, LOST SALES OR BUSINESS, BUSINESS INTERRUPTION OR ANY OTHER LOSS INCURRED BY THE OTHER PARTY OR SUCH THIRD PARTY IN CONNECTION WITH THIS AGREEMENT OR THE CONSULTING SERVICES, REGARDLESS OF WHETHER A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF OR COULD HAVE FORESEEN SUCH DAMAGES.

Signature

Date

COPPER ROCK FINANCIAL PROGRAM HIGHLIGHTS

1. Funding comes in the form of unsecured credit cards. The funding total will be achieved across multiple credit cards; 5-7 on average. <i>Copper Rock Financial is not the direct lender.</i>	CLIENT INITIALS:
2. Credit Cards will be 0%, on average, for 12-18 months.	CLIENT INITIALS:
3. After the 0% period, interest will only be assessed on any remaining balances. Interest IS NOT retroactive to the entire initial balance.	CLIENT INITIALS:
4. The fully indexed rate after the 0% period is determined by an individual's credit which can start as low as 8%.	CLIENT INITIALS:
5. For clients with no contingencies, funding will be available within 7-14 business days of starting the Copper Rock Financial process.	CLIENT INITIALS:
6. For those clients with contingencies, funding will be available within 3-6 weeks of starting the Copper Rock Financial process.	CLIENT INITIALS:
7. Copper Rock Financial fee of 10% or \$4,000 (whichever is less) will be due within (7) days from the last completed application. The funding total will be defined as the aggregate total of all credit cards, bank loans, and business credit lines obtained by Copper Rock Financial.	CLIENT INITIALS:
7a. **For Illustration and example purposes only** Example 1: If Copper Rock Financial obtained \$20,000 in funding for you, your fee would be \$2,000. (10% of 20,000 = 2,000). Example 2: If Copper Rock Financial obtained \$25,000 in funding for you, your fee would be \$2,500. (10% of 25,000 = 2,500). Example 3: If Copper Rock Financial obtained \$100,000 in funding for you, your fee would be \$4,000. (Cap fee of 4,000).	CLIENT INITIALS:
8. For your second round of funding within 24 months of your initial round, a \$500 (must meet same qualifications) additional fee will be added to your 10% capped at \$4,000 fee with Copper Rock Financial.	CLIENT INITIALS:

Program Do's and Don'ts:

1. Do not apply for any new credit cards, credit lines, loans, or installment accounts, bank accounts, car loans, utilities (i.e. Direct TV, cable, cell phone), or any other company that needs your social security number and will check your credit. This will place new inquiries on your credit report. Having too many inquiries may disqualify you from the Program.
2. Do not apply for a new mortgage or refinance an existing mortgage. Doing so will create new inquiries on your credit and disable Copper Rock Financial from being able to guarantee results.
3. Do not increase your debt levels beyond their current amount or let your revolving debt ratio exceed 50%. Do not attempt to increase your credit limits, as that will initiate an inquiry as well. People with high amounts of revolving debt (credit cards) are viewed by the banks as high credit risks. Do not increase your revolving debt levels. By waiting a short time you can put this same debt under the business name and potentially eliminate or reduce any impact on your personal credit (must be a non-reporting business line to have such effect). If you have lines over 50%, they will need to be paid down under 50% (30% in some cases) and will then need to be disputed with the credit bureaus. This can take up to two weeks and must be completed before applications can be submitted on your behalf.
4. Do not acquire new derogatory items on your credit report. This includes late payments, liens, judgments, public records, collections or excessive new credit. People with derogatory items on their personal credit obtain far less approvals than people with perfect credit. In some cases, new derogatory items can disqualify you from the funding program altogether.
5. DO contact your Customer Relationship Manager if for some reason you have to initiate an inquiry on your credit. In certain cases, one inquiry may not hurt our process, but you need to obtain permission from our underwriting department.

What to Expect During the Program Application Phase:

1. You may receive some phone calls from banks and lending institutions. They are likely calling to verify some basic information to validate your identity and that you have a legitimate business. They may ask about your social security number, business address, EIN number and your home address.
2. You may receive some decline letters in the mail. Because of the current economy, banking guidelines have become tighter; so many banks are conservative in their approvals. During the consulting phase of the Program, We will consult you about overturning declinations.
3. You may receive some letters in the mail from Transunion, Equifax, and Experian stating that your credit has been locked or unlocked. This is part of the process in which Copper Rock Financial will strive to protect your credit profile from unnecessary inquiries.
4. You may be asked to follow up with some of our lending partners to inquire on your application status or to provide them with more information. Please make sure that you follow up with them the same business day or within twenty-four (24) hours. ***The Program is systematic. Please keep in mind that these applications are time sensitive and need to be completed in an expeditious manner to insure the best possible results for you and your company.***

EXHIBIT “G”-5

CODE OF ETHICS

[See Attached]



RED BARN

H O M E B U Y E R S

CODE OF ETHICS

1. A Red Barn Homebuyers Franchisee will always conduct themselves professionally, with the highest level of integrity.
2. A Red Barn Homebuyers Franchisee will always operate with high integrity and represent material facts accurately in all of their business dealings. There is never a reason to lie or bend the truth when operating a Red Barn Homebuyers Franchise.
3. A Red Barn Homebuyers Franchisee will always comply with all applicable local, state, and federal laws, including housing code standards for health, safety and habitability.
4. A Red Barn Homebuyers Franchisee will not place themselves in such a position where their interests may be in conflict, or appear to be in conflict, with the overall good of the Red Barn Homebuyers Franchise System.
5. A Red Barn Homebuyers Franchisee will act as a positive role model for the professions of Real Estate Investing and Housing Providers when dealing with home sellers, tenants, other investors, the public, the media, government officials, and all others.
6. A Red Barn Homebuyers Franchisee will not make any unauthorized representations to the public, press or media with regards to Red Barn Homebuyers position on any matter without the written approval of the Red Barn Homebuyers Management Team.
7. A Red Barn Homebuyers Franchisee will not use the Red Barn Homebuyers name or logo (or other identification material or slogans) in a way that is contrary to what is outlined in the Franchise Agreement without the express written permission of the Red Barn Homebuyers Management Team.

8. A Red Barn Homebuyers Franchisee will always use careful discernment when working with a seller whose judgment may be impaired. A Red Barn Homebuyers Franchisee will always operate with the utmost integrity in these situations and will work to determine other related parties to ensure nobody is taken advantage of.
9. A Red Barn Homebuyers Franchisee will always promptly notify the Franchisor of any closings, purchases, wholesale transactions, and listing referrals - regardless of the location or how the real estate transaction was sourced - in accordance with the Franchise Agreement.
10. A Red Barn Homebuyers Franchisee will not misrepresent the Red Barn Homebuyers Franchise system (ie. earning potential, lead generation, training, coaching, software, business dealings, etc.) to any outside parties.

EXHIBIT "H"
TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Minnesota	

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 "I"
TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Red Barn Homebuyers, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If Red Barn Homebuyers, LLC does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

____ Dr. Kevin Corsini; 105 Towne Lake Parkway, Woodstock, Georgia 30188; (678) 707-8114
____ Ken Corsini; 105 Towne Lake Parkway, Woodstock, Georgia 30188; (678) 707-8114
____ Kristina Wilson; 105 Towne Lake Parkway, Woodstock, Georgia 30188; (678) 707-8114
____ Michele Sims; 105 Towne Lake Parkway, Woodstock, Georgia 30188; (678) 707-8114
____ Kendra D'Eon; 105 Towne Lake Parkway, Woodstock, Georgia 30188; (678) 707-8114
____ Chris D'Eon; 105 Towne Lake Parkway, Woodstock, Georgia 30188; (678) 707-8114
____ Mike Kovak; 105 Towne Lake Parkway, Woodstock, Georgia 30188; (678) 707-8114

Issuance Date: April 21, 2025

Red Barn Homebuyers, LLC's agent to receive service of process is listed in EXHIBIT "B" to this Disclosure Document.

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	List of State Administrators and Agents for Service of Process
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	List of Franchisees
EXHIBIT "E"	Financial Statements of Red Barn Homebuyers, LLC
EXHIBIT "F"	Other Agreements
EXHIBIT "G"-1	State Addenda
EXHIBIT "G"-2	General Release
EXHIBIT "G"-3	Promissory Note
EXHIBIT "G"-4	Credit Agreement (Copper Rock Financial)
EXHIBIT "G"-6	Code of Ethics
EXHIBIT "H"	State Effective Dates
EXHIBIT "I"	Receipts

Print Name

Date

(Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to Red Barn Homebuyers, LLC.)

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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