

## FRANCHISE DISCLOSURE DOCUMENT



**Keller Williams Realty, Inc.**  
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We have developed a distinctive business system that involves the delivery of real estate brokerage services, and other services through KELLER WILLIAMS® REALTY Market Centers. In this disclosure document, we offer the right in specific Regions to recruit, screen and evaluate for us prospective Franchisees who desire to operate Market Centers, to provide certain services related to the development, training and support of those Franchisees (defined herein), and to assist Market Centers in recruiting and retaining Associates.

The total investment necessary to begin operation of a Regional Office franchised business is \$131,000 to \$423,500.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Debbie Gardner in our Franchise Systems Department at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746.

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

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

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

Date of Issuance: May 7, 2024, [as amended August 5, 2024](#)

**KELLER WILLIAMS REALTY, INC.  
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\$5,358,932,616) to be reduced by existing and possible future settlements entered into between the Plaintiffs and specific Defendants. On February 1, 2024, we entered a nationwide class settlement that settled the claims brought in this case (including the jury verdict), the *Moehrl* case (discussed above), and the *Umpa* case (discussed below) when, on May 9, 2024, the court in *Sitzer* ordered final approval of the settlement. The definition of the settlement class and scope of the release also resolved the claims alleged in the *Bauman, Burton, QJ Team, Grace, Martin, Willsim Latham, LLC, and Jensen* cases discussed herein wherein the court in *Sitzer* ordered final approval of the settlement.

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

The court granted preliminary approval of the nationwide settlement on February 1, 2024. The members of the settlement class had until April 13, 2024 to opt out of the settlement or to object to the settlement. The court granted final approval after a hearing on May 9, 2024. ~~Because the court issued final approval of the settlement, the settlement will take effect and become final after the time to appeal expires (30 days) or upon the favorable resolution of any appeals challenging the settlement.~~ An appeal has been filed by some of the objectors to the settlement. The appeal will be heard by the Eighth Circuit Court of Appeals.

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

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

*James Havassy v. Keller Williams Realty, Inc., et al.,* Civil Action No. 2:21-CV-4609, in the Eastern District of Pennsylvania. Plaintiff filed this putative class action on September 24, 2021, alleging that Keller Williams Realty, Inc. is vicariously liable for alleged violations of the Telephone Consumer Protection Act ("TCPA"), 47 U.S.C. § 227 by two independent real estate agents associated with a

decision from the United States District Court, Northern District of Texas, Fort Worth Division ordering Plaintiff to arbitrate his claims. In the WD of TX Litigation, Plaintiff's claims are plead as violations of the RICO Act, violations of the Sherman Act, and intentional fraudulent inducement. Plaintiff also alleges a claim for breach of contract against KWRI and a claim for general partner liability against Business MAPS Management, LLC. On September 27, 2023, KWRI, Gary Keller and Team filed in the Initial Litigation a motion to find Davis in contempt. That motion is fully briefed, and we await a ruling. On November 20, 2023, Davis filed an Amended Complaint adding Jesse Herfel as a co-plaintiff (together with Davis, "Plaintiffs") and John Keller; 72Sold, Inc.; Johnathan Dupree; Marc King; Jason Abrams; Matt Green; William Soteroff; KWx, LLC; Livian LLC, and KW Southwest Region, LLC as "Additional Defendants." The Original Defendants and the Additional Defendants, except for 72Sold, Inc., are hereby referred to as "Defendants." The Amended Complaint reasserts the claims plead as violation of the RICO Act (as to certain Defendants); violations of the Sherman Act (as to certain Defendants); and general partner liability against Business MAPS Management, LLC; and adds a claim for embezzlement (as to certain Defendants). Defendants filed a motion to compel the Plaintiffs' claims to arbitration and, in the alternative, to dismiss Plaintiffs' claims. Defendants will continue to vigorously defend against the matter.

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

*Dr. Jeff Isaacs v. Keller Williams Realty, Inc., Makai Southeast, LLC, Equestrian Palms, LLC*, Case No. 23-CIV-81393-RLR/BER, in the United States District Court for the Southern District of Florida. Plaintiff filed this putative class action on June 12, 2023 alleging that Keller Williams Realty, Inc. is vicariously liable for the alleged violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227, the Racketeer Influenced Corrupt Organization Act, 18 U.S.C. § 1962(c), abuse of process, and a violation of the Fair Housing Act, 42 U.S.C. § 3604, by an independent real estate agent associated with a franchisee market center. Plaintiff named the franchisee market center as a defendant as well. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. On November 15, 2023, Plaintiff filed an amended complaint to include a claim against KWRI and Makai Southeast, LLC for violations of the Sherman and Clayton Antitrust Acts, 15 U.S.C. §§ 1-2, and 15. On December 6, 2023, we filed a motion to dismiss. The Magistrate Judge recommended that the District Court grant our motion to dismiss in its entirety but allowed "one final opportunity to re-plead." Plaintiff has not filed an amended complaint. We will continue to vigorously defend against the matter.

*Shauntell Burton, individually and on behalf of those similarly situated v. National Association of Realtors, Keller Williams, LLC, and Keller Williams Realty, Inc.*, Case No. 7:23-CV-056660-JD, in the United States District Court for the District of South Carolina. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on November 13, 2023, which alleges that the Defendants in this case conspired to require Plaintiffs home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on Multiple Listing Service ("MLS") sites within South Carolina, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs are suing for violation of the Sherman Act and are seeking treble damages, attorneys' fees and injunctive relief. On February 1, 2024, we entered a nationwide class settlement under which the definition of the settlement class and scope of the release would resolve the claims alleged in this case if the court in *Sitzer* orders final approval of the settlement. The settlement approval process and details of the settlement are in the *Sitzer* summary.

violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs are suing for violation of the Sherman Act and are seeking treble damages, attorneys' fees and injunctive relief. On February 1, 2024, we entered a nationwide class settlement under which the definition of the settlement class and scope of the release would resolve the claims alleged in this case if the court in *Sitzer* orders final approval of the settlement. The settlement approval process and details of the settlement are in the *Sitzer* summary.

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

On December 29, 2023, DRO L.A. LP ("Claimant") filed a Statement of Claim against Keller Williams Realty, Inc. with the American Arbitration Association, Case No. 01-23-0005-997, alleging claims for Declaratory Judgment, Anticipatory Repudiation, and Violation of California Franchise Relations Act for Termination Without Cause against Keller Williams arising from Keller Williams' decision to not enter into a new regional representative agreement after Claimant's Regional Representative Agreement expired on its terms. On February 7, 2024, Keller Williams filed a Response and Answering Statement to Claimant's Statement of Claim. On April 12, 2024, the Claimant filed a First Amended Statement of Claim, adding claims for Wrongful Termination, Failure to Renew, and Fraud in the Inducement. KWRI filed a Response and Answering Statement to Claimant's First Amended Statement of Claim, and on April 26, 2024, the parties filed Cross-Motions for Summary Judgment. [KWRI's Motion for Summary Judgment was granted, and whatever claims of DRO that remain will be heard at a hearing currently scheduled for January 15, 2025.](#) We will continue to vigorously defend against the matter.

~~*Eric Delgado, an individual v. Keller Williams Realty, Inc., Set Group, Inc. d/b/a/ Keller Williams Encino Sherman Oaks; Terri L. Arias; and Does 1-10*, Case No. 01-23-0005-9971, in the Superior Court of the State of California, County of Los Angeles, Northwest District. Plaintiff filed the Complaint on December 29, 2023, which alleges claims for Declaratory Judgment, Declaratory Judgment of Non-Infringement, and Unfair Competition under California Business & Professional Code § 17200 et seq. against Keller Williams Realty, Inc.; and claims for Conversion and Civil Recovery of Stolen Property Received under California Penal Code § 496 against Set Group, Inc. d/b/a/ Keller Williams Encino Sherman Oaks and Terri L. Arias. Keller Williams has not yet been served with this Complaint. Defendants will vigorously defend against the matter.—~~

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

was filed, other plaintiffs have filed copycat class action complaints in various federal courts throughout the U.S. based on the same yet-to-be implemented IALC approved changes to the Profit Sharing Program. Each of the Complaints is brought by a plaintiff who would be a member of the nationwide class alleged in the *Jerri L. Moulder P.C.* lawsuit. We have not yet responded to any of the complaints, but we intend to vigorously defend against the matter.

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

[Mark Ortega v. Keller Williams Realty, Inc. And KWWD, LLC, No. 24-cv-332, in the United States District Court for the Western District of Texas, San Antonio Division. Plaintiff filed an amended complaint in this putative class action case on June 26, 2024 alleging that Keller Williams Realty, Inc. and a franchisee market center are liable for the alleged violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227, by an independent real estate agent associated with the franchisee market center. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. We will vigorously defend against the matter.](#)

[Matthew Fetick and David Williams v. Gary Keller, William Soteroff, Mike McCarthy, John Clidy, Michele McBride, Mitch Johnson, and Silver Springs Endeavors, LLC, No. 24-cv03329-KNS, in the United States District Court for the Eastern District of Pennsylvania. Plaintiffs' claims are plead as violations of the RICO Act \(against all defendants\); and fraudulent misrepresentation, libel, and conversion \(against Mr. Clidy and Ms. McBride\). Defendants will vigorously defend against the matter.](#)

## **CONCLUDED**

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

*Inga Dow v. Keller Williams Realty, Inc., John Davis, Go Management, LLC, David Osborn, Smokey Garrett, and Gary Keller*; Civil Action No. 4:21-CV-1209-P, in the United States District Court, Northern District of Texas, Fort Worth Division. Plaintiff filed this action on November 2, 2021, alleging claims against Keller Williams Realty, Inc. under Title VII of the Civil Rights Act of 1964, the Texas Labor Code, and the Americans with Disabilities Act. Plaintiff alleged claims against Keller Williams Realty, Inc. for tortious interference, against Gary Keller for negligent supervision, and against others. All defendants filed a motion to dismiss and, Keller Williams Realty Inc. and Gary Keller also filed, in the alternative, a motion to compel arbitration. On September 9, 2022, the Court granted the motion to compel arbitration of the claims filed against Keller Williams Realty, Inc. and Gary Keller. The Court

award of damages, costs of suit and for other relief deemed just and proper by the Court. We filed a motion to compel contractual arbitration, which was granted. The parties to the suit participated in a settlement conference in the Alameda Superior Court on July 18, 2017. Following the settlement conference, without a finding or admission of liability, we agreed to a settlement. Pursuant to this settlement, we paid \$25,000 to Mr. Cunningham, approved the transfer of Mr. Cunningham's ownership interest in JR Group, Inc., and approved the transfer of the ownership interest of Andrew Greenwell, another investor in JR Group, Inc. Mr. Cunningham's lawsuit against us was dismissed, such dismissal precluding Mr. Cunningham from initiating or prosecuting any arbitration proceedings against us.

*Jana Caudill and Leaders, LLC d/b/a Red Key Realty Leaders v. Keller Williams Realty, Inc.*, Case No. 1:13-CV-04693 in the United States District Court for the Northern District of Illinois Eastern Division.

Plaintiff Leaders, LLC is a former franchisee of Keller Williams Realty, Inc., and Jana Caudill is both a principal of Leaders, LLC and a former Keller Williams Realty, Inc. employee. Plaintiffs filed a complaint on June 27, 2013 and subsequently amended their complaint on July 9, 2013, alleging that Keller Williams Realty, Inc. breached a contract with Plaintiffs by disclosing the terms of a confidential settlement agreement in its Franchise Disclosure Document. Plaintiffs sought an award of damages, including liquidated damages or in the alternative actual damages in an unspecified amount, plus attorneys' fees, costs and the prohibition of future disclosures. We filed an answer, affirmative defenses and counterclaims. On April 9, 2015, the District Court granted partial summary judgment to us on the grounds that plaintiffs had failed to establish causation and damages, and rejected the claim for liquidated damages as unenforceably disproportionate in light of plaintiffs' lack of actual damages from the disclosure. On September 27, 2015, the District Court issued a further opinion denying plaintiffs' request for a permanent injunction against future disclosures, dismissing our alternative counterclaims for reformation of the settlement agreement, and entering a final order of judgment. Plaintiffs then appealed to the Seventh Circuit in *Jana Caudill and Leaders, LLC d/b/a Red Key Realty Leaders v. Keller Williams Realty, Inc.*, Case No. 15-3313, United States Circuit Court (7<sup>th</sup> Cir.). The Seventh Circuit affirmed the District Court's judgment on July 6, 2016.

\*\*\*\*

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

\*\*\*\*

Other than the [2729](#) actions described above, no litigation is required to be disclosed in this Item. However, in the ordinary course of conducting a real estate business, our franchisees have been named in lawsuits related to the sale of real estate, and we, our Predecessor and some of the persons identified in Item 2 have been named as well. We do not consider these actions to be material.

#### **ITEM 4 BANKRUPTCY**

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

**ITEM 5  
INITIAL FEES**

~~**Market Center Fee:** During the term of your Regional Representative Agreement, you must pay us a Market Center Fee in an amount equal to \$2,000 for each Market Center that opens in your Region. The time and performance standards necessary to develop and grow the Region is set forth in a Development Schedule. See Item 16 for a discussion regarding the Development Schedule. Your failure to meet the Development Schedule can result in the reduction of royalties, loss of territory exclusivity, or termination of the Regional Representative Agreement. These Market Center Fees are payable in full on or before the date we sign a Market Center Franchise Agreement with a Franchisee for a Market Center, although we may deduct the Market Center Fee when we pay you your percentage of the initial franchise fees we receive from Franchisees.~~

~~You will not pay us any fees before you begin operations in your Region.~~

~~**Payment of Portion of Initial Franchise fees for Market Centers:** As the Regional Representative we pay you a fee equal to 40% of each initial franchise fee paid by each Franchisee who signs a Market Center Franchise Agreement during the term of the Regional Representative Agreement for a Market Center in the Region, less our then current initial training allocation for new Franchisees, and any deduction for Market Center Fees due to us for Market Centers opened in your Region. (See Item 11). We reserve the right to increase, reduce or waive any initial franchise fee paid by a Franchisee, and as a result modify the amount of the shared portion of the initial franchise fee that you will receive commensurate with any such increase, reduction or waiver by us.~~

~~We may occasionally authorize Franchisees in your Region to offer approved services in conjunction with their Market Centers and we may charge initial fees related to the offering of such approved services. We may or may not pay you a portion of such initial fees related to such other approved services, but we anticipate that we would pay you a portion of any such initial fees paid to us by Market Centers if you will be providing services to Franchisees in connection with their offering of such approved services.~~

~~We deduct the amounts described above directly from your bank account via electronic funds transfer to cover all fees, costs and expenses described above that apply to your Regional Representative Agreement including the costs of electronic funds transfer. You must sign all authorizations bank required and you must adequately fund your bank account.~~

~~We impose the fees described in this Item uniformly on all representatives who acquire rights under this Disclosure Document.~~

**ITEM 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Market Center Fee	\$2,000 per Market Center that opens in the Region	On or before the date we sign a Market Center Franchise Agreement with a Franchisee for a Market Center, although we may deduct the Market Center Fee when we pay you your percentage of the initial franchise fees we receive from Franchisees.	During the Term, you must pay us a Market Center Fee in the amount of \$2,000 for each Market Center that opens in the Region.

### **Internet Connection:**

We require a broadband connection for your office. Talk to your local or national internet Service Providers for information on the services available. A stable internet connection is required, especially during transmittal. The higher the broadband connection the better.

### **Data Storage:**

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

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

### **Fees and Royalties We Pay to You:**

**Payment of Portion of Initial Franchise Fees Paid by fees for Market Centers:** ~~We pay you~~ as ~~As~~ the Regional Representative we pay you a fee equal to 40% of each initial franchise fee paid by each Franchisee who signs a Market Center Franchise Agreement during the term of the Regional Representative Agreement for a Market Center in the Region ~~during the term~~, less our then-current initial training allocation for new Franchisees ~~(see Item 1)~~, and any deduction for Market Center Fees due to us for Market Centers opened in your Region. We reserve the right to increase, reduce or waive any initial franchise fee paid by a Franchisee, and as a result modify the amount of the shared portion of the initial franchise fee that you will receive commensurate with any such increase, reduction or waiver by us.

We may occasionally authorize Franchisees in your Region to offer approved services in conjunction with their Market Centers and we may charge initial fees related to the offering of such approved services. We may or may not pay you a portion of such initial fees related to such other approved services, but we anticipate that we would pay you a portion of any such initial fees paid to us by Market Centers if you will be providing services to Franchisees in connection with their offering of such approved services.

We deduct the amounts described above directly from your bank account via electronic funds transfer to cover all fees, costs and expenses described above that apply to your Regional Representative Agreement including the costs of electronic funds transfer. You must sign all authorizations bank required and you must adequately fund your bank account.

**Service Fees:** Unless modified for the reasons set forth below, we will pay to you 40% of the Production Royalty that each Franchisee in the Region actually pays to us during the term of the Regional Representative Agreement. We will pay you your share of the royalty each month not later than the last business day of the month, based on the royalty actually received by us for the preceding month. We reserve the right to reduce or waive the payment of the royalty by any Franchisee, and as a result modify the amount of the shared portion of the royalty that you will receive commensurate with any such increase, reduction or waiver by us.

Franchisees you can realistically develop and support. We will describe the Region's area in the Information Summary incorporated in the Regional Representative Agreement typically by using city, county, or state boundaries, or by another method of delineation.

During the term of the Regional Representative Agreement, and subject to your full compliance with the terms and conditions of the Regional Representative Agreement (including complying with the Development Schedule, on time and causing the Franchisees, in your Region, to attain the minimum standards) and the full compliance of all members of your Representative's Group with all other agreements with us or our affiliates, and except as noted below, we will not grant anyone other than you the rights and obligations granted to you related to Region under the Regional Representative Agreement during the term.

Your failure to meet Development Obligations during the Development Period as set forth in the Development Schedule is a material breach of the Regional Representative Agreement for which we may exercise our right to, upon written notice, reduce the geographical area of such territorial rights to a geographical area that we believe, in our sole discretion, you are able to adequately supervise and develop ("Adjusted Region"), if you fail to satisfy any two (2) of its Development Obligations during any three (3) or more Development Periods. If we reduce the Region to an Adjusted Region, then you will no longer market or solicit prospective Franchisees for the purchase of Market Centers or provide related services to Franchisees outside of the Adjusted Region and you will not be paid any compensation related to Market Centers outside of the Adjusted Region after the date we reduce your s territorial rights.

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. We may recruit Franchisees in or for the Region, we may accept and process unsolicited applications for new franchises, and we may award franchises to prospective Franchisees who submit those applications. Also, we may establish and grant to others the right to assist in establishing other real estate brokerage businesses identified by trade names, trademarks, service marks or trade dress, other than the Trademarks both inside and outside the Region. We and our Franchisees and other designees may at any time advertise or promote the System and the Trademarks in the Region through print, broadcast, electronic and other media, may recruit Associates and Franchisees for and/or from the Region, and may provide all kinds of real estate brokerage services to customers located in the Region such as soliciting and accepting listings for property located in the Region, advertising and promoting the sale or rental of property located in the Region, and showing and selling property located in the Region. Neither we, nor any other authorized person or entity will be required to pay you any compensation for performing these above activities in your Region. We expressly reserve all rights and opportunities that the Regional Representative Agreement does not specifically grant to you.

During the term of the Regional Representative Agreement, if a Market Center ceases to operate in the Region under the System, whether the result of a transfer or because it ceased to do business, unless otherwise specified by us, that awarded area will become immediately available for development, and you must develop or cause to be developed a replacement Market Center. You must develop a replacement Market Center within a reasonable time period to which you and we agree, but no later than 180 days after the Market Center ceases to operate in the Region.

[You have no right to relocate your Office and/or the geographic area of your Region without our prior written consent, which may be withheld in our sole discretion.](#)

[You have no options, rights of first refusal or similar rights to acquire additional franchises.](#)

Except for our plans to develop in areas outside of the United States and Canada through KW Worldwide, neither we nor any of our affiliates operate, franchise, or have plans to operate or franchise a

**ADDENDUM TO THE KELLER WILLIAMS REALTY, INC.  
DISCLOSURE DOCUMENT FOR MARYLAND**

(Regional Representative)

1. Item 5 is amended to include the following paragraph:

The Maryland Office of the Attorney General (Securities Division) has determined that due to our financial condition, we must defer the payment of the below initial franchise fee and other initial payments payable to us until we have fulfilled all of our material pre-opening obligations to you. Accordingly, notwithstanding anything to the contrary contained in the Regional Representative Franchise Agreement or this Disclosure Document, you must pay us the initial franchise fee and other initial payments payable to us at the time we have fulfilled all of our material pre-opening obligations to you.

2. Item 17 is amended to include the following paragraph:
3. The Code of Maryland Regulations, COMAR 02.02.08.16L., states that a general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. This may affect the enforceability of certain provisions in the franchise agreement relating to renewal, sale, assignment or transfer of the franchise agreement.
4. Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
5. Item 17 is amended to state that the provision in the License Agreement which provides for termination upon bankruptcy of the Licensee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
6. Item 17 is amended to state that a franchisee can bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

~~7. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$131,000 to \$423,500. THIS AMOUNT EXCEEDS THE FRANCHISOR'S NEGATIVE STOCKHOLDERS' EQUITY AS OF 12/31/2023, WHICH IS \$46,398,086.~~

~~8. WE MAY TERMINATE THE LICENSE AGREEMENT IF YOU DO NOT ACHIEVE AND MAINTAIN MINIMUM MONTHLY GROSS COMMISSION REQUIREMENTS WHICH WE ESTABLISH.~~

## State Effective Dates

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

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

State	Effective Date
California	<del>June 27, 2024</del> Pending
Hawaii	<del>May 21, 2024</del> Pending
Illinois	<del>June 3, 2024</del> Pending
Indiana	<del>May 14, 2024</del> Pending
Maryland	Pending
Michigan	May 7, 2024
Minnesota	<del>June 27, 2024</del> Pending
New York	Pending
North Dakota	Pending
Rhode Island	<del>May 1, 2024</del> Pending
South Dakota	May 14, 2024
Virginia	<del>June 24, 2024</del> Pending
Washington	Pending
Wisconsin	<del>May 14</del> August 5, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**ITEM 23  
RECEIPT**

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

If Keller Williams Realty, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that Keller Williams Realty, Inc. give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or make any consideration that relates to the franchise relationship. Connecticut and Michigan require that Keller Williams Realty, Inc. give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Iowa and Maine require that Keller Williams Realty, Inc. give you the disclosure document at the earlier of the first personal meeting or 14 days before you sign a binding agreement with, or make a payment to, Keller Williams Realty Inc. in connection with the proposed franchise sale.

If Keller Williams Realty, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20590 or the appropriate state agency listed in Exhibit E.

The franchise sellers are: Mark Willis and Debbie Gardner, each located at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746, phone (512) 327-3070.

Date of Issuance: May 7, 2024, as amended August 5, 2024 (see State Registrations page for specific state effective dates)

The name and address of our registered agent authorized to receive service of process is shown in Exhibit D.

I have received a Disclosure Document issued May 7, 2024, as amended August 5, 2024 (see State Registrations page for specific state effective dates). This Disclosure Document includes the following Exhibits:

- A. Financial Statements
- B. Regional Representative Agreement
- C. List of Regional Representatives
- D. Agents for Service of Process
- E. State Administrators
- F. Table of Contents of the Regional Brand Standards Manuals
- G. Sample Form of General Release
- H. State Addenda to Disclosure Document

Dated: \_\_\_\_\_

Sign Individually or as an Officer

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

of \_\_\_\_\_  
(a \_\_\_\_\_ Corporation)  
(a \_\_\_\_\_ Partnership)  
(a \_\_\_\_\_ LLC)

Please return this Receipt by email to the Franchise Systems at [fdd@kw.com](mailto:fdd@kw.com).

**ITEM 23  
RECEIPT**

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

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- F. Table of Contents of the Regional Brand Standards Manuals
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- H. State Addenda to Disclosure Document

Dated: \_\_\_\_\_

Sign Individually or as an Officer

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

of \_\_\_\_\_  
(a \_\_\_\_\_ Corporation)  
(a \_\_\_\_\_ Partnership)  
(a \_\_\_\_\_ LLC)

Please retain this Receipt for your records.

Date \_\_\_\_\_ RR/CP Initials \_\_\_\_\_

**KELLER WILLIAMS REALTY, INC.**  
**REGIONAL REPRESENTATIVE AGREEMENT**

|  
May 7, [2024, as amended August 5, 2024](#) (FTC)

**AMENDMENT TO KELLER WILLIAMS REALTY, INC.  
REGIONAL REPRESENTATIVE AGREEMENT  
FOR THE STATE OF CALIFORNIA**

The Keller Williams Realty, Inc. Regional Representative Agreement between \_\_\_\_\_ (“Regional Representative” or “You”) and Keller Williams Realty, Inc. (“Franchisor”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

**CALIFORNIA LAW MODIFICATIONS**

1. The California Commissioner of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORPORATIONS CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. California Business and Professions Code Sections 20000 through 20043 provide rights to You concerning nonrenewal and termination of the Agreement. The Federal Bankruptcy Code also provides rights to You concerning termination of the Agreement upon certain bankruptcy-related events. To the extent the Agreement contains a provision that is inconsistent with these laws, these laws shall control.
- b. If Regional Representative is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act.
- c. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.
- d. If the Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.
- e. If the Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.
- f. If the Agreement requires that it be governed by a state’s law, other than the State of California, such requirement may be unenforceable.
- g. If the Franchise Agreement requires an interest rate greater than 10% per annum (the highest amount allowed in California), such interest rate will be reduced to 10% per annum.
- h. [The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our](#)

operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations, and you are open for business.

2. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee’s understanding of the law and facts as of the time of the franchisee’s investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Regional Representative acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on \_\_\_\_\_, \_\_\_\_\_.

**KELLER WILLIAMS REALTY, INC.:**

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

**REGIONAL REPRESENTATIVE:**

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