

## FRANCHISE DISCLOSURE DOCUMENT

**JPAR FRANCHISING, LLC**  
a Texas limited liability company  
5045 Lorimar Dr, Ste 180  
Plano, Texas 75093  
1-800-683-5651 Ext. 8014  
franchise@jpar.com  
www.jpar.com



As a JPAR® - Real Estate franchisee, you will serve as a real estate broker for residential home buyers and sellers, commercial real estate buyers and sellers and lessors and lessees.

The total investment necessary to begin operation of a JPAR® - Real Estate franchise business ranges from ~~\$17,94036,690~~ to ~~\$235,400237,900~~. This includes ~~\$6,25025,000~~ to ~~\$27,50030,000~~ for a franchisee's primary office location (and each additional location) that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchise Support Department at 5045 Lorimar Dr, Ste 180, Plano, Texas 75093 and (800) 683-5651.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all your contract carefully. Show your contract 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.

**Issuance Date:** April 19, 2024

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

## **Some States Require Registration**

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

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

## 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 Texas. 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 Texas than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.
4. ~~**Financial Condition.** Franchisor is undercapitalized (see Item 21) and may not be able to meet preopening obligations to all franchisees.~~

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.

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## **EXHIBITS**

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| Exhibit A | Financial Statements                                                                    |
| Exhibit B | Franchise Agreement with Schedules                                                      |
| Exhibit C | Table of Contents – JPAR® Manual                                                        |
| Exhibit D | List of Franchisees                                                                     |
| Exhibit E | List of Former Franchisees                                                              |
| Exhibit F | List of State Administrators/Agents for Service of Process                              |
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| Exhibit J | Addendum for Additional Location                                                        |
| Receipts  |                                                                                         |

## ITEM 1

### **THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

The franchisor is JPAR Franchising, LLC, a limited liability company established on February 20, 2018, under the laws of the State of Texas. To simplify the language in this disclosure document, the franchisor is referred to as “we,” “us,” “our” or “Franchisor”. These shorthand terms do not include our corporate officers, employees, directors, managers or members, but may include subsidiaries and affiliates when referring to activities undertaken and performed by us or such related entities generally. We will refer to the person or entity that is considering the purchase of the franchise as “you”. If you are a corporation, partnership or limited liability company, some provisions of the franchise agreement also will apply to certain shareholders, general partners and members.

Our principal business address is 5045 Lorimar Dr, Ste 180, Plano, Texas 75093.

Our agents for service of process are listed at Exhibit F to this disclosure document.

#### **Our Parent Company and Affiliates**

Our parent company is Cairn JPAR Holdings, LLC (“Cairn”), a Delaware limited liability company formed on April 1, 2021. Cairn acquired us on or about April 30, 2021. Its principal business address is 5045 Lorimar Dr, Ste 180, Plano, Texas 75093. The parent of our parent is Cairn Real Estate Holdings, LLC with a principal business address of 1185 Avenue of the Americas NY, NY 10036.

Our parent and/or our parent’s parent intends to continue to acquire and/or invest in other real estate brokerage businesses, which may or may not be franchise systems.

We have ~~two one~~ affiliated entities through common ownership that operates the same business as that being franchised under this disclosure document. JP Piccinini Real Estate Services, LLC (“JPPRES”), is an affiliate that owns and operates JPAR® - Real Estate brokerage offices since October 2011. JPPRES does not currently offer, nor did it previously offer, franchises in this or any other line of business. Its principal business address is the same as ours: 5045 Lorimar Dr, Ste 180, Plano, Texas 75093. Cairn JPAR Franchise Holdings, LLC (“Cairn Franchise”), is an affiliate that owns and operates a JPAR® - Real Estate brokerage office in McAllen, Texas since February 2024. Cairn Franchise does not currently offer, nor did it previously offer, franchises in this or any other line of business. Its principal business address is the same as ours: 5045 Lorimar Dr, Ste 180, Plano, Texas 75093.

As of the date of this disclosure document, JPPRES operates 25 JPAR® - Real Estate brokerage offices.

#### **The Franchised Business**

We grant franchisees the right to operate a residential real estate brokerage business (the “Franchised Business”) under one of four program offerings: (1) ~~GROW Conventional~~ Program; (2) ~~GROW Conventional~~ Program with Compliance Platform; (3) ~~FLEX+JP~~AR Program; and (4)

FLEX+JPAR Program with Compliance Platform. The GROW Program includes our conventional fees and pricing and 5 to 10-year contract term with monthly minimum royalty fees. The FLEX Program offers lower initial fees and higher transaction and agent fees for a shorter 3 to 6-year contract term without monthly minimum royalty fees. Each of these programs uses our confidential and proprietary business systems, techniques, strategies, procedures, operations and formats for marketing, promoting, training, and operating a real estate brokerage business (together, the “System”).

Under both the GROW and FLEX~~Conventional~~ programs, our franchisees have the choice to operate a franchised brokerage using the System in conjunction with the “JPAR® - Real Estate,” and/or “JPAR” names, service marks, and other trademarks OR, -use ~~Under~~ the +JPAR ~~model programs, where~~ our franchisees ~~will~~ operate a franchised brokerage using the System in conjunction with their own, independent names, marks, and brands and using the +JPAR name and branding, ~~such as “Local Brand Name +JPAR®” and They~~ identify their franchised business using their primary brokerage names and then identify their affiliation with us and the franchise system with an identifier, such as “Local Brand Name +JPAR®”

Under our Compliance Platform, you sign our Compliance Platform Agreement and we provide training and assistance to implement certain compliance, file maintenance, and commission distribution authorization systems and functions. The Franchise Agreement you sign with us will specify which of the four franchise programs you purchase.

We also offer to existing JPAR franchisees the opportunity to participate in our Rapid Expansion Program where the franchisee opens additional offices (each an “Expansion Office”) in a new market. An Expansion Office may be able to operate without a physical office location depending on your local association and state licensing regulations and requirements. Generally, any Expansion Office and all agents and team members associated with any Expansion Office must be located in the same state as the franchisee’s primary location. You must onboard agents to specifically and directly associate with the Expansion Office and agents are not eligible to transfer between an Expansion Office and your primary franchised office at its approved location (the “Primary Office”). While we provide training and support directly to you and the Primary Office as outlined in the Franchise agreement, you (not us) are responsible to provide training and support to any Expansion Office operations and its agents. Before opening an Expansion Office, you must be in good standing under your Franchise Agreement with us, current on all fees and payments due and payable to us and not had any past-due balance during the previous 6 months, and receive our written consent. You must continue to operate your Primary Office as outlined in the Franchise Agreement. If any Expansion Office reaches 50 associated agents or more, you must convert the Expansion Office to a standard franchise and pay the associated Initial Franchise Fee and monthly Brokerage In A Box Fee, if applicable under the GROW program, in the amount for an Additional Location as outlined in the Franchise Agreement. The amendment for the Rapid Expansion Program is attached to the Franchise Agreement as Schedule 5.

We conduct business under the name JPAR® - Real Estate. We began offering franchises as of June 4, 2018. We may use the words “Franchise System” to describe our franchise system and network of franchisees licensed to use our System. “Services” refers to the real estate brokerage services that franchisees offer to customers in connection with the Franchised Business.

If your application to become a franchisee is approved, we will enter into a franchise agreement with you for the establishment and operation of a Franchised Business under System (a “Franchise Agreement”). Your Franchised Business will be operated at a specific location (“Location”) including other Locations and [Restricted Purpose Expansion Office](#) Locations that we approve and that will be set out in the Franchise Agreement. The term “Location” includes offices from which you operate your real estate brokerage business, regardless of the size or the number of employees, real estate brokers, salespersons or sales agents that are located at the premises. ~~The term “Restricted Purpose Location” includes only information kiosks, subdivision sales offices, and administrative offices for small teams up to 10 agents and under the restriction that the Location has no JPAR® or other signage and that there is not held out to the public or advertised as a JPAR® Location according to our current standards and guidelines.~~ For purposes of this disclosure document, unless otherwise specified, the term “Location” is inclusive of Locations and [Rapid Expansion](#) ~~Restricted Purpose~~ Location.

We do not have any predecessors. We do not operate the business being franchised ourselves, nor do we conduct any other business activities.

### **The Market and Competition**

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

### **Industry-Specific Regulations**

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

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

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

### **Financial Incentives**

We may offer financial incentives to existing franchisees, employees and/or independent contractors of JPAR Franchising, LLC and JPPRES, or other third parties who refer a franchise prospect to us that results in the granting of a franchise to that prospect. Any information given to you by a franchisee is coming from him/her in his/her capacity as a franchisee. No franchisee shall be deemed our agent. Under no circumstances shall any such referral source be deemed a franchise seller, broker or other third-party sales representative for the franchise sales process.

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## ITEM 2

### **BUSINESS EXPERIENCE**

#### Richard Davidson, CEO; Chairman of Cairn JPAR Holdings, LLC .

Mr. Davidson is our CEO and the Chairman and CEO of our parent Cairn JPAR Holdings, LLC in Draper, Utah since April 30, 2021. Since March 2019, Mr. Davidson has served as Founder and CEO of CairnRE, LLC, in Draper, Utah, an independent real estate investment and consulting enterprise. From April 2017 to March 2019, Mr. Davidson served as President of Everest Realty Group, LLC in Cottonwood Heights, Utah.

#### Laura O'Connor. President and Chief Operations Officer of JPAR Franchising, LLC; Chief Operations Officer of JPAR – Real Estate

Ms. O'Connor has served as our President and Chief Operations Officer and COO of our affiliate JPPRES in Frisco and Plano, Texas since October 2021. From January 2018 to October 2021, she served first as Director and then as Regional Vice-President for Realogy Corporation in Madison, New Jersey. ~~From April 2015 to December 2017, she served as Chief Operations Officer and Chief Financial Officer for PureWest Real Estate in Kalispell, Montana.~~

#### Lisa Sennstrom, Vice-President of Operations

Ms. Sennstrom has served as our Vice-President of Operations in Plano, Texas since March 2024. From March 2022 to March 2024, she served as our Director of Development in Frisco and Plano, Texas. From July 2018 to March 2022, Ms Sennstrom served as a Performance Consultant for Realogy Corporation in Madison, New Jersey.

#### Scott Schafer, Vice-President of Technology

Mr. Schafer has served as our Vice-President of Technology in Frisco and Plano, Texas since February 2024. He served in business development for Utility Concierge in Dallas, Texas from September 2019 to January 2024. From February 2015 to June 2019, he served as managing director for BackAgent in Katy, Texas.

#### ~~Daniel Butbul, Vice-President of Operations of JPAR Franchising, LLC~~

~~Mr. Butbul has served as our Vice-President of Operations in Frisco and Plano, Texas since April 2019. From January 2019 to the present, he has also served as Team Leader for our affiliate JPPRES in Dallas, Texas. From January 2019 to March 2019, he served as our Director of Technology in Frisco, Texas. From April 2017 to December 2018, Mr. Butbul worked as Chief Executive Officer for Ambiance Realty, Inc. in Dallas, Texas.~~

#### ~~Chastity Davenport, Senior Vice-President of Expansion of JPAR Franchising, LLC~~

~~Ms. Davenport has served as Senior Vice-President of Expansion for us in Frisco and Plano, Texas since June 2021. She served as our Vice-President of Expansion in Frisco, Texas from May 2019 until June 2021. From October 2018 to May 2019, she served as Director of Brokerage for Perch in Austin, Texas. From January 2018 to October 2018, she worked as Senior Broker Success Manager for Opicity in Austin, Texas.~~

## ITEM 3

## **LITIGATION**

### **Administrative Order**

In the Matter of: JPAR Franchising, LLC. The Office of the Indiana Secretary of State, Securities Division, Filed August 30, 2021 (Cause No. 21-0013 CA). The Indiana Securities Commissioner filed an Order approving of a Consent Agreement and ordering us to abide by its terms. The matter relates to a franchise sale made after our Indiana franchise registration expired that we self-reported to the Indiana Securities Commissioner after discovered by our new management. The Consent Agreement obligates us to not offer or sell any franchise in Indiana unless registered under the Indiana Franchise Act and to pay a \$1,500 civil penalty.

### **Affiliate Actions**

Julie Martin, et al. v. Texas Association of Realtors, Inc. et al (Case No. 4:423-cv-01104, December 14, 2023, U.S. District Court, Eastern District of Texas, Sherman Division). Our affiliate JP Piccinini Real Estate Services, LLC was named as a co-defendant along with the Texas Association of Realtors and numerous other real estate brokers and realtors in a complaint that alleges antitrust law violations and deceptive trade practices that the co-defendants conspired to create rules that inflated commissions paid by sellers, specifically the ‘participation rule,’ which mandates offers of compensation to buyer agents. Plaintiffs also allege broad anti-competitive practices, including price-fixing and steering. As of the date of this Disclosure Document, the case is in its initial stages.

QJ Team, LLC, et al. v. Texas Association of Realtors, Inc. et al (Case No. 4:2023cv01013, November 13, 2023, U.S. District Court, Eastern District of Texas, Sherman Division). Our affiliate JP Piccinini Real Estate Services, LLC was named as a co-defendant along with the Texas Association of Realtors and numerous other real estate brokers and realtors in a complaint that alleges antitrust law violations and deceptive trade practices that the co-defendants conspired to create rules that inflated commissions paid by sellers, specifically the ‘participation rule,’ which mandates offers of compensation to buyer agents. Plaintiffs also allege broad anti-competitive practices, including price-fixing and steering. As of the date of this Disclosure Document, the case is in its initial stages.

### **Franchise Relationship Actions**

JPAR Franchising, LLC v. Jason Will Real Estate, LLC, Jason Will, and Diana Will (Case No. 5310000312, January 19, 2023, Judicial Arbitration and Mediation Services, Inc., Collin County, Texas). We filed an arbitration demand against our former franchisee in Alabama upon termination of its franchise agreement with us for failure to pay amounts due under the franchise agreement.

JPAR Franchising, LLC v. Jason Will Real Estate, LLC, Jason Will, and Diana Will (Case No. 4:23-cv-322, April 13, 2023, U.S. District Court, Eastern District of Texas, Sherman Division). We filed a complaint against the same former Alabama franchisee as disclosed in the arbitration action above for unfair competition and false designation of origin in violation of the U.S. Trademark Act and related trademark infringement claims and breach of contract claims.

These cases were resolved together as part of a single agreement. The parties agreed to a mutual release of claims, non-disparagement, and confidentiality provisions. The former franchisee also agreed to re-brand and to new non-competition and non-solicitation covenants.

Other than the case disclosed above, no litigation is required to be disclosed in this Item.

#### ITEM 4

##### **BANKRUPTCY**

~~Chastity Davenport serves as Senior Vice President of Expansion for us at 5045 Lorimar Dr, Ste 180, Plano, Texas 75093. She filed for bankruptcy protection under the United States Bankruptcy Code in the past 10 years.~~

~~In re Daniel Reid Davenport and Chastity Casteel Davenport, Case Number 18-10993-hcm, Western District of Texas. Discharged on January 7, 2019 under Chapter 7.~~

~~Other than the bankruptcy proceeding described above, No~~ bankruptcy information is required to be disclosed in this Item.

#### ITEM 5

##### **INITIAL FEES**

Individual Franchisees pay an initial franchise fee ~~ranging from of \$6,250 to \$27,500~~25,000.00 to \$30,000.00 per Location, depending on the franchise program and contract term selected, as follows:

| <b><u>Program Type</u></b>                                        | <b><u>Initial Franchise Fee</u></b> |
|-------------------------------------------------------------------|-------------------------------------|
| <u>GROW or FLEX Program with Compliance Platform – 10 year</u>    | <u>\$27,500</u>                     |
| <u>GROW or FLEX Program without Compliance Platform – 10 year</u> | <u>\$25,000</u>                     |
| <u>GROW Program with Compliance Platform – 5 years</u>            | <u>\$15,000</u>                     |
| <u>GROW Program without Compliance – 5 year</u>                   | <u>\$12,500</u>                     |
| <u>FLEX Program with Compliance Platform – 6 year</u>             | <u>\$12,500</u>                     |
| <u>FLEX Program without Compliance – 6 year</u>                   | <u>\$10,000</u>                     |

|                                                       |                 |
|-------------------------------------------------------|-----------------|
| <u>FLEX Program with Compliance Platform – 3 year</u> | <u>\$7,500</u>  |
| <u>FLEX Program without Compliance – 3 year</u>       | <u>\$6,250</u>  |
| <u>+JPAR Program</u>                                  | <u>\$30,000</u> |
| <u>+JPAR Program with Compliance Platform</u>         | <u>\$30,000</u> |

We will specify in the Franchise Agreement which of the ~~four~~ franchise programs and contract term you are purchasing and the corresponding amount of your initial franchise fee. The Primary Location is your initial Franchised Business primary location, from which you operate your Franchised Business. Additional Locations are those Locations other than your Primary Location from where you operate the Franchised Business, regardless of the size or the number of employees, real estate brokers, salespersons or sales agents that are located at the premises. ~~The term “Restricted Purpose Location” includes only subdivision sales offices, administrative offices and information kiosks. The initial franchise fee for a Restricted Purpose Location is \$1,000.~~

Under our Rapid Expansion Program, an existing and eligible JPAR franchisee may qualify to open in a new market without paying any Initial Franchise Fee – with or without a physical office location depending on your association or state licensing regulations. If any Expansion Office reaches 50 associated agents or more, you must convert the Expansion Office to a standard franchise and pay the associated Initial Franchise Fee and monthly Brokerage In A Box Fee, if applicable under the GROW program, in the amount for an Additional Location as outlined in the Franchise Agreement.

The initial franchise fee is paid in full when you sign the Franchise Agreement. All initial franchise fees are nonrefundable.

We may offer a 15% discount on the initial franchise fee to veterans who qualify for our veteran’s discount program or to existing franchisees buying an additional Location or to those individuals who have been referred from an existing franchisee. This discount cannot be combined with any other discount offers.

## **ITEM 6**

### **OTHER FEES**

| <b>Type of Fee</b>                                           | <b>Amount</b>                                                                                                         | <b>Due Date</b>                                                                                                  | <b>Remarks</b>                                                                                                                                                               |
|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>GROW Program</u><br>Brokerage In A Box Fee <sup>(2)</sup> | \$1,500 to \$ <del>4,375</del> ,000 per Location per month, depending on the type of program selected and the year of | As outlined in the Operations Manual, currently 5 days after invoice, for the previous monthly Reporting Period. | <u>This fee applies only to the GROW Program.</u> This fee currently includes certain software licenses, such as for websites, real estate forms, and back-office commission |

| Type of Fee                                       | Amount                                                                                                                                                                                                           | Due Date                                                                                                                                                                               | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                   | operation and number of agents.                                                                                                                                                                                  |                                                                                                                                                                                        | disbursement services. We debit your bank account to process payment by electronic transfer of funds. See Note 2                                                                                                                                                                                                                                                                                                              |
| <u>GROW Program Transaction Fee<sup>(2)</sup></u> | Beginning with the first Transaction that exceeds the Transaction Threshold in each Reporting Period, you shall pay \$150 to <del>\$175</del> <del>200</del> per Transaction, depending on the program selected. | As outlined in the Operations Manual, currently 5 days after invoice, for the previous monthly Reporting Period.                                                                       | <u>This fee applies only to the GROW Program. The <del>At which</del> point when you pay the Transaction Fee will depend on the Transaction Threshold in each Reporting Period, which is affected by the year of operation and the number of agents. We debit your bank account to process payment by electronic transfer of funds. See Note <del>5</del>3 concerning certain Transaction Fee caps for individual agents.</u> |
| <u>GROW Program Annual Dues</u>                   | \$450 per agent per year.                                                                                                                                                                                        | Due immediately upon agent onboarding and each year thereafter on invoice based on Anniversary Date of an agent's affiliation with your brokerage while under our Franchise Agreement. | <u>This fee applies only to the GROW Program.</u>                                                                                                                                                                                                                                                                                                                                                                             |
| <u>FLEX Program Transaction Fee<sup>(3)</sup></u> | <u>\$155 to \$220 per Transaction, depending on the program selected.</u>                                                                                                                                        | <u>As outlined in the Operations Manual, currently 5 days after invoice, for the</u>                                                                                                   | <u>This fee applies only to the FLEX Program. We debit your bank account to process payment by</u>                                                                                                                                                                                                                                                                                                                            |

| Type of Fee                                           | Amount                                                                                                                                  | Due Date                                                                                                                                                                                      | Remarks                                                                                                                                                                                                                            |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       |                                                                                                                                         | <u>previous monthly Reporting Period.</u>                                                                                                                                                     | <u>electronic transfer of funds.</u><br><u>See Note 54 concerning certain Transaction Fee caps for individual agents.</u>                                                                                                          |
| <u>FLEX Program Agent Monthly Dues<sup>(3)</sup></u>  | <u>\$69 to \$89 per agent per month. Under the FLEX Program, agent dues are assessed monthly using the schedule outlined in Note 5.</u> | <u>As outlined in the Operations Manual, currently 5 days after invoice, for the previous monthly Reporting Period.</u>                                                                       | <u>This fee applies only to the FLEX Program.</u>                                                                                                                                                                                  |
| <u>Expansion Office Transaction Fee<sup>(4)</sup></u> | <u>\$155 to \$225 per Transaction, depending on the program selected.</u>                                                               | <u>As outlined in the Operations Manual, currently 5 days after invoice, for the previous monthly Reporting Period.</u>                                                                       | <u>The Transaction Fee for an expansion office is \$50 more than the Transaction Fee if you have selected the GROW program for your primary office or the same Transaction Fee as your primary FLEX Program office. See Note 4</u> |
| <u>Expansion Office Annual Dues</u>                   | <u>\$600 per agent per year.</u>                                                                                                        | <u>Due immediately upon agent onboarding and each year thereafter on invoice based on Anniversary Date of an agent's affiliation with your brokerage while under our Franchise Agreement.</u> | <u>If you are on the GROW Program, the Annual Dues increase from \$450 to \$600 for agents affiliated with the applicable Expansion Office. There are no annual dues if you are on the FLEX Program.</u>                           |
| <u>Referral Fee <sup>(63)</sup></u>                   | <u>We reserve the right to charge a percentage of the closed Gross Commission Income on a Transaction</u>                               | <u>Varies</u>                                                                                                                                                                                 | <u>See Note 6</u>                                                                                                                                                                                                                  |

| Type of Fee                                    | Amount                                                                                                                                                 | Due Date                                                                                                                | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                | referred to you by us or our affiliate.                                                                                                                |                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <u>GROW Program</u><br>Agent<br>Technology Fee | None presently but we reserve the right in the future based on evolving technology usage and demand.                                                   |                                                                                                                         | If implemented, this fee will not exceed: (1) an amount equal to 10% of the then-current Transaction Fee offered in our then-current franchise disclosure document, if assessed on a transaction basis; or (2) an amount equal to 25% of the then-current Annual Dues offered in our then-current franchise disclosure document, if assessed per agent per year. We do not currently charge <u>GROW Program franchisees</u> for use of the Approved Broker Management Software but reserve the right to do so upon 30 days written notice. |
| Marketing Fund<br>Contribution                 | <u>\$25 of each Transaction Fee regardless of program type selected</u> <del>None presently but we reserve the right to institute in the future.</del> | <u>As outlined in the Operations Manual, currently 5 days after invoice, for the previous monthly Reporting Period.</u> | <u>The Marketing Fund Contribution is taken out of each Transaction Fee paid. We may increase, adjust, waive, or suspend the Marketing Fund Contribution upon 30 days prior notice. If implemented, this fee will not exceed: (1) an amount equal to 10% of the then-current Transaction Fee offered in our then-current franchise disclosure document, if assessed on a</u>                                                                                                                                                               |

| Type of Fee                                                                     | Amount                                                                                                          | Due Date                                                | Remarks                                                                                                                                                                                            |
|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                 |                                                                                                                 |                                                         | <del>transaction basis; or (2) an amount equal to 25% of the then-current Annual Dues offered in our then-current franchise disclosure document, if assessed per agent per year.</del>             |
| Market Data Software Subscription                                               | Currently \$110 to \$150 per month                                                                              | Monthly                                                 | See Note <u>7</u>                                                                                                                                                                                  |
| Initial Franchise Fee per Location <sup>(8)</sup>                               | <del>\$6,250</del> to \$30,000, depending on the program selected.                                              | Upon opening each Location                              | See Note <u>8</u>                                                                                                                                                                                  |
| <del>Initial Franchise Fee per Restricted Purpose Location</del> <sup>(9)</sup> | <del>\$1,000</del>                                                                                              | <del>Upon opening any Restricted Purpose Location</del> | <del>See Note <u>8</u></del>                                                                                                                                                                       |
| Transfer Fee                                                                    | \$5,000                                                                                                         | Before closing on transfer                              | Payable by you or the transferee if and when you sell or transfer more than a 10% interest in your franchise. No fee is due if you transfer your franchise to a new corporation controlled by you. |
| Renewal Agreement Fee <sup>(9)</sup>                                            | <del>Currently \$4,750 to \$12,500, depending on the program selected and contract term. See Note 9.5,000</del> | Upon execution of Successor Franchise Agreement.        | Payable only if you meet eligibility for signing the Successor Franchise Agreement and execute a Successor Franchise Agreement.                                                                    |
| Audit Expenses <sup>(10)</sup>                                                  | Cost of Audit                                                                                                   | When billed.                                            | Payable only if audit performed due to your failure to report, if audit shows an under reporting of 3% or more of Gross Revenue or Transactions, or if financial statements                        |

| Type of Fee                                                                       | Amount                                                                                                                                                                                                                                                                                                                                        | Due Date                                             | Remarks                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                   |                                                                                                                                                                                                                                                                                                                                               |                                                      | require substantial auditing work by us or our designees. See Note <a href="#">10</a>                                                                                                                                                                                                                         |
| Late Payment Fee                                                                  | Any payments not received by the last day of the month will be assessed a late fee of 3% of the balance due for each month that payment is delinquent. Any initial fees that are deferred or due pursuant to an opening or development schedule not received within 15 days of the due date are assessed a late fee of 5% of the balance due. | On late payments for each day payment is delinquent. | In addition to the Late Payment Fee, if there are insufficient funds at the time payment is due, there is an additional \$50 delinquent fee owed to us.                                                                                                                                                       |
| Dispute Resolution                                                                | Costs and attorney's fees vary                                                                                                                                                                                                                                                                                                                | Upon determination of prevailing party               |                                                                                                                                                                                                                                                                                                               |
| Reimbursement for Insurance                                                       | Cost of Insurance plus our expenses.                                                                                                                                                                                                                                                                                                          | When billed.                                         | Payable only if we pay your premium when you fail to do so.                                                                                                                                                                                                                                                   |
| Enforcement and Collection Costs (including Attorneys' Fees) <a href="#">(11)</a> | Undetermined                                                                                                                                                                                                                                                                                                                                  | Upon demand                                          | Payable only if (i) we incur legal costs in enforcing the Franchise Agreement or defending a claim and prevails in any action, or (ii) we incur expenses due to your failure to make timely payments, submit reports when due or otherwise comply with the Franchise Agreement. See Note <a href="#">11</a> . |

| Type of Fee                          | Amount                                                                                                                                                                                                                                                    | Due Date                                                                        | Remarks                                                                                                                                         |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Indemnification                      | Loss, liability, damages, and costs incurred by us                                                                                                                                                                                                        | When a claim is brought against us in connection with your Franchised Business. | You must reimburse us for any liability and costs incurred by us by reason of your ownership or operation of the Franchised Business.           |
| Reimbursement of investigation fees  | Fees we paid to investigator or secret shopper                                                                                                                                                                                                            | Upon demand                                                                     | Payable to us when investigation reveals violation of System Standards or breach of Franchise Agreement                                         |
| Fees connected with cure of defaults | Costs incurred if we cure a default for you                                                                                                                                                                                                               | When cured                                                                      | Payable only if we must incur costs incurred to remedy your defaults such as failing to pay insurance premiums or purchasing required software. |
| Reimbursement for taxes paid         | Undetermined                                                                                                                                                                                                                                              | Upon demand                                                                     | Payable if we are required to pay taxes (other than income) on account of payments you make to us.                                              |
| Convention Fee                       | Up to \$1,000 per attendee, which amount may be adjusted annually to reflect increases in the national consumer price index. Currently between \$100 to \$500 depending on participant type and event(s) selected, subject to increase at our discretion. | When invoiced, before <u>the</u> date of Meeting or monthly.                    | For any convention, summit, or similar mastermind event.                                                                                        |
| Modernization Fee                    | Not to exceed \$10,000 in any ten (10) year period                                                                                                                                                                                                        | Upon demand                                                                     | We may require you to update or refurbish your Franchised Business consistent with our then-current standards and specifications.               |

| Type of Fee | Amount | Due Date | Remarks                                                                                                                                                      |
|-------------|--------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
|             |        |          | Modernization may also be required prior to any sale, transfer, or assignment of your Franchised Business, or as a condition of signing a renewal agreement. |

Unless otherwise noted, all fees are nonrefundable and are uniformly imposed by and payable to us. On January 1<sup>st</sup> of each year, we have the right to adjust the Brokerage In A Box Fee and the related Transaction Thresholds, the Transaction Fee, Onboarding Fee, Annual Dues, Agent Monthly Dues, Referral Fee, ~~and, if implemented, the~~ Marketing Fund Contributions, and Agent Technology Fee, in an amount not to exceed more than 5% calculated on a cumulative annual basis through the date of adjustment.

Notes:

1. Reporting Period means the monthly calendar period from the 1<sup>st</sup> of the month to the last day of the same month (unless we designate otherwise). Currently, ~~we debit~~ your bank account is debited by EFT on or around the 20<sup>th</sup> of the month.
2. The GROW Program Brokerage In A Box Fee is determined ~~by based on the program you select and~~ the year of operation of your franchise and the number of agents. ~~The program selected will be identified in your Franchise Agreement.~~ The GROW Program Brokerage In A Box Fee must be paid per month. Transaction Fees are not assessed until the relevant Transaction Threshold per Reporting Period is reached, as identified in the table of the program selected, below. A “Transaction” means every sale, lease, or referral transaction in which the Franchisee participates. Franchisee may serve as listing agent, buyer’s agent, buyer’s representative, lessor or lessee’s agent or representative. In matters where the Franchisee serves as a dual agent or is involved in an intermediary or similar transaction, where permitted by law, each “side” is considered a Transaction for a total of 2 sides and 2 Transactions for a single deal. The Brokerage In A Box Fee and Transaction Thresholds are determined as follows:

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| <b><u>GROW Program</u></b>            |                     |                                              |
|---------------------------------------|---------------------|----------------------------------------------|
| <b>Monthly Brokerage In A Box Fee</b> |                     |                                              |
| Year                                  | <u>GROW</u> Program | <u>GROW</u> Program with Compliance Platform |
| 1                                     | \$1,500             | \$1,750                                      |
| 2                                     | \$2,250             | \$2,625                                      |
| 3                                     | \$3,000             | \$3,500                                      |

|                                              |         |         |
|----------------------------------------------|---------|---------|
| 4 or at 50 agents,<br>whichever occurs first | \$3,750 | \$4,375 |
|----------------------------------------------|---------|---------|

| <b><u>GROW Program</u></b><br><b>Transaction Fee</b> |                            |                                                        |
|------------------------------------------------------|----------------------------|--------------------------------------------------------|
|                                                      | <b><u>GROW</u></b> Program | <b><u>GROW</u></b> Program with<br>Compliance Platform |
| Transaction Fee                                      | \$150                      | \$175                                                  |

\* **In the GROW Program, you** will not pay to us any Transaction Fee until after you meet the monthly Transaction Threshold as outlined in the following table.

| <b><u>GROW Program</u></b><br><b>Transaction Threshold per Reporting Period</b> |                            |                                                        |
|---------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------|
| Year                                                                            | <b><u>GROW</u></b> Program | <b><u>GROW</u></b> Program with<br>Compliance Platform |
| 1                                                                               | 11                         | 11                                                     |
| 2                                                                               | 16                         | 16                                                     |
| 3                                                                               | 21                         | 21                                                     |
| 4 or at 50 agents,<br>whichever occurs first                                    | 26                         | 26                                                     |

\* **In the GROW Program, you** will not pay to us any Transaction Fee until after you meet the Transaction Threshold per Reporting Period, as outlined in the above table. Where permitted, each “side” is considered a Transaction.

\* We can require you to switch out of the Compliance Platform (~~to Conventional Program or +JPAR Program without compliance~~) if we determine that we cannot manage your compliance programs such as owing to local circumstances or state MLS limitations.

\* In certain circumstances, we may agree to an Initial Franchise Fee or Brokerage In A Box Fee that is lower than the fee disclosed in Item 5 or this Item 6. Some of the factors we will consider include your reputation in the marketplace, the size, market share and expected Gross Revenue of your existing real estate business and the benefit of having you as a part of the System.

\* For greater certainty, when you reach 50 agents, the monthly Brokerage In A Box Fee increases to the Year 4 level, even if achieved prior to that year.

3. **In the FLEX Program, you will pay the Transaction Fee on every Transaction without any Transaction Threshold, as follows:**

| <u><b>FLEX Program<br/>Transaction Fee</b></u> |                     |                                                  |
|------------------------------------------------|---------------------|--------------------------------------------------|
|                                                | <u>FLEX Program</u> | <u>FLEX Program with<br/>Compliance Platform</u> |
| <u>3 year Term<br/>Transaction Fee</u>         | <u>\$175</u>        | <u>\$220</u>                                     |
| <u>6 year Term<br/>Transaction Fee</u>         | <u>\$165</u>        | <u>\$200</u>                                     |
| <u>10 year Term<br/>Transaction Fee</u>        | <u>\$155</u>        | <u>\$180</u>                                     |

Where permitted, each “side” is considered a Transaction.

In the FLEX Program, there is no monthly Brokerage In a Box Fee; rather, franchisees are assessed agent dues per agent per month as follows:

| <u><b>FLEX Program<br/>Monthly Agent Dues</b></u> |                                       |                                     |                                          |
|---------------------------------------------------|---------------------------------------|-------------------------------------|------------------------------------------|
|                                                   | <u>FLEX Program -<br/>3 year Term</u> | <u>FLEX Program<br/>6 Year Term</u> | <u>FLEX<br/>Program<br/>10 Year Term</u> |
| <u>Per Agent Per Month</u>                        | <u>\$89</u>                           | <u>\$79</u>                         | <u>\$69</u>                              |

4. Rapid Expansion Program. You are not required to pay any Brokerage In a Box Fee or other minimum fee associated with an Expansion Office. However, if you are participating in the GROW program, Transactions accomplished/closed through an Expansion Office and its associated agents are charged a Transaction Fee in the amount equal to \$50 higher than the Transaction Fee for the program selected for the Primary Office outlined in the Franchise Agreement. You must sign the Rapid Expansion Program amendment that is attached to the Franchise Agreement as Schedule 5. If you are participating in the GROW program, the Annual Dues or similar fees for all Expansion Office agents increases from \$450 to \$600 after the opening of the applicable Expansion Office. Opening of an Expansion Office is defined as the date on which any agent is first onboarded into that Expansion Office. There are no annual dues if you are on the FLEX Program.

4.5. Our current policy is to cap the Transaction Fee at 50 transactions per year for an individual agent. If the agent is a team leader, the cap is increased by 6 for every additional team member affiliated with the agent, and the agents of the team share the team leader’s cap. This cap resets every year on the agent or team leader’s anniversary date. The cap is implemented in the form of a credit that will be applied to your franchise account with us upon your request and only applies to Transaction Fees that are assessed above the Transaction Threshold per Reporting Period. For greater clarity, a team of 10 would hit

their cap at 105 sides (50 for the team lead and 6 sides per agent for the remaining 9 people on the ten-person team).

To receive the credit for an individual agent cap, you must:

- 1) If you are in the GROW Program, have transacted more sales than your office's Transaction Threshold per Reporting Period in a particular month,
- 2) have an agent or team who completed more than the applicable number of transactions since their most recent anniversary date, and
- 3) send us a request to apply for the credit to your account within 90 days of the month in which the agent capped and the office produced above the Transaction Threshold.

This policy is intended to make it easier to recruit and retain agents at the local franchise level. We reserve the right to discontinue or adjust this policy and to define teams and additional criteria for qualifying agents to prevent abuse of this policy.

5.6. We, on behalf of ourselves, our affiliate JP Piccinini Real Estate Services, LLC, or a third party, reserve the right to assess a Referral Fee that is a percentage of the gross commission income from a closed Transaction should we provide a referral to you that results in a closed Transaction, sale or lease, which is in addition to any other fees you may owe us. The Referral Fee may be paid to us, our affiliated real estate brokerage or to a third party. The sole payment of a Referral Fee does not qualify as a "Transaction" for purposes of satisfying the Transaction Threshold.

6.7. You must subscribe to market data software that we approve or designate. The currently approved software is MarketView Broker by ShowingTime. We may approve or designate other software for this purpose at our discretion.

7.8. The term "Location" includes your Primary Location as well as other locations that are the premises where you operate your real estate brokerage business as the Franchised Business, regardless of the size or the number of employees, real estate brokers or salespersons or sales agents that are located at the premises. ~~For purposes of this disclosure document, the term "Restricted Purpose Locations" shall include subdivision sales offices, administrative offices, and information kiosks.~~

9. The amount of the Renewal Agreement Fee depends on the program selected and the contract term, currently as follows:

| <u><b>Renewal Agreement Fee</b></u> |                                           |                                            |                                           |                                           |                                            |
|-------------------------------------|-------------------------------------------|--------------------------------------------|-------------------------------------------|-------------------------------------------|--------------------------------------------|
|                                     | <u>GROW Program</u><br><u>5 year Term</u> | <u>GROW Program</u><br><u>10 year Term</u> | <u>FLEX Program</u><br><u>3 year Term</u> | <u>FLEX Program</u><br><u>6 Year Term</u> | <u>FLEX Program</u><br><u>10 Year Term</u> |
| <u>Amount</u>                       | <u>\$12,500</u>                           | <u>\$5,000</u>                             | <u>\$4,750</u>                            | <u>\$7,500</u>                            | <u>\$5,000</u>                             |

8.10. If Gross Revenue or Transactions are understated by 3% or more, or your financial statements require substantial auditing work by us or our designees, you must pay for the cost of our audit, which includes professional fees, travel and room and board expenses. In the event of underpayment, Franchisee shall also pay interest thereon at the rate of 3% per

month or the highest rate of interest allowed by law, computed from the date (or dates) said understated amount (or amounts) were due.

9.11. You must pay our enforcement and collection costs, including any attorney's fees upon entry of judgment if we prevail in an action for enforcement of indemnification, enforcement of the Franchise Agreement or protection of the System.

## ITEM 7

### ESTIMATED INITIAL INVESTMENT

#### YOUR ESTIMATED INITIAL INVESTMENT

| TYPE OF EXPENDITURE                                | AMOUNT                                                                                                                                          | METHOD OF PAYMENT        | WHEN DUE                              | TO WHOM PAYMENT IS TO BE MADE                                            |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------|--------------------------------------------------------------------------|
| Initial Franchise Fee                              | <del>\$6,250</del> <del>25,000</del> - <del>\$27,500</del> <del>30,000</del> per Location<br><del>\$1,000 per Restricted Purpose Location</del> | Lump sum                 | When you sign the Franchise Agreement | Us                                                                       |
| Training Expenses                                  | \$1,000 - \$5,000                                                                                                                               | As incurred              | As arranged by you                    | Hotels; Transportation Lines; Restaurants                                |
| Exterior Building Signs                            | Replacement faces \$1,000 - \$2,000<br>Complete new signs \$5,000 - \$20,000                                                                    | As arranged              | As required by supplier               | Vendors that you choose provided Vendor complies with our specifications |
| Stationery and Related Supplies                    | \$500 - \$3,000                                                                                                                                 | As arranged              | As required by supplier               | Vendors                                                                  |
| Yard Signs                                         | \$500 - \$5,000                                                                                                                                 | As arranged              | Before Opening                        | Vendors                                                                  |
| Grand Opening Advertising and Other Expenses       | \$1,000 - \$15,000                                                                                                                              | As arranged              | Before Opening                        | Vendors/Local media suppliers                                            |
| Computer Hardware                                  | \$1,000 - \$4,000                                                                                                                               | As arranged              | Before Opening                        | Vendors/Local suppliers                                                  |
| Approved Broker Management Software <sup>(2)</sup> | \$0 - \$6,500                                                                                                                                   | Lump sum and monthly fee | At Opening                            | Approved Vendor                                                          |

| <b>TYPE OF EXPENDITURE</b>                                | <b>AMOUNT</b>                                                                                                  | <b>METHOD OF PAYMENT</b> | <b>WHEN DUE</b>                                                   | <b>TO WHOM PAYMENT IS TO BE MADE</b>      |
|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------------------------------------------------|-------------------------------------------|
| Approved Software Support Expenses                        | \$100 - \$1,000<br>Software support may be required on a per call basis or as subscription (monthly or annual) | As arranged              | Monthly, annually or per call, depending on support plan selected | Approved Vendor                           |
| Office Set-up/Opening Costs <sup>(3)</sup>                | 0 - \$45,000                                                                                                   | As arranged              | As required by supplier                                           | Vendors                                   |
| Internet Access, Communication Lines, & Phone System      | \$90 - \$900 (for 3 months)                                                                                    | Monthly                  | As Incurred                                                       | Local Vendor or internet service provider |
| Real Property, whether Purchased or Leased <sup>(4)</sup> | \$0 - \$6,000                                                                                                  | Varies                   | Varies                                                            | Seller, landlord and/or contractors       |
| Furniture, Fixtures & Equipment <sup>(5)</sup>            | \$1,000 - \$50,000                                                                                             | Varies                   | Varies                                                            | Contractors, Vendors                      |
| Business Insurance <sup>(6)</sup>                         | \$1,000 - \$5,000                                                                                              | Lump sum                 | Before Opening                                                    | Insurance Broker                          |
| Agent Commissions                                         | Prevailing market rates                                                                                        | As Incurred              | After Opening                                                     | Sales Associates                          |
| Legal Services                                            | \$500 - \$1,500                                                                                                | As Incurred              | As Incurred                                                       | Local Legal Counsel                       |

| TYPE OF EXPENDITURE                        | AMOUNT                                                     | METHOD OF PAYMENT | WHEN DUE    | TO WHOM PAYMENT IS TO BE MADE |
|--------------------------------------------|------------------------------------------------------------|-------------------|-------------|-------------------------------|
| Additional Funds – 3 Months <sup>(7)</sup> | \$4,000 - \$40,000                                         | As incurred       | As incurred | Vendors                       |
| <b>TOTAL</b>                               | <del>\$17,940,366,690</del> –<br>23 <del>5,400,7,900</del> |                   |             |                               |

We do not finance any part of your initial investment.

Notes:

1. We based these estimates on a 15-20-agent real estate brokerage operating at one Location undergoing a conversion to our System. Conversion cost involves matters of taste and judgment on your part, reflecting your market and sales agents. Real estate brokerage companies vary greatly in size, style, and type so your expenses may vary from those estimated above.

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

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

2. Approved Broker Management Software. We do not currently charge for use of the Approved Broker Management Software but reserve the right to do so upon 30 days written notice, including the implementation of an Agent Technology Fee.

3. Office Setup/Opening Costs: This category relates to leasehold improvements and office supplies related to setting up your Location. We strongly recommend that you operate the Franchised Business from an office space that requires little improvement or upgrades such that you not incur significant cost.

4. Real Property (Purchased or Leased). The low estimate assumes that you are already an established and licensed real estate broker with at least one existing office that has been approved by us.

5. Furniture, Fixtures, & Equipment. Except for appropriate signage, compliance with our appearance standards, and the approved broker management system (computer software), we do not currently require specific equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements or décor; nor is there any initial requirement as to inventory, security deposits, other prepaid expenses or additional working capital needed to begin operations. We have the right to require you to modernize and refurbish your offices before commencing operations, or upon transfer or executing a successor franchise agreement, if eligible. We estimate \$10,000 for modernization and refurbishment efforts including new signage and certain office furniture, but this estimate may vary as it will depend on the condition of your existing offices.

6. Business Insurance. You must, at your expense, obtain and keep in full force, certain insurance coverage as identified in the Manuals.

Additional Funds. This category can cover payroll, rent, fees, and other miscellaneous expenses during your first 3-months of operations. A minimum of \$10,000 working capital is strongly recommended.

## ITEM 8

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Required Purchases and Approved Suppliers**

Maintaining the quality and uniformity of the Services offered by the franchisees is central to the reputation, goodwill and value of the Franchise System. Therefore, we may from time to time, designate franchisees use certain suppliers approved by us (“Approved Suppliers”) for certain purchases of goods or services.

Neither Franchisor nor persons affiliated with it are Approved Suppliers. Other than as specified in this Item 8, you have no other obligation to purchase or lease other goods, services, supplies, fixtures, equipment, inventory, computer hardware or software from us or an Approved Supplier.

#### Supplies

You must use stationery, business cards, promotional materials (including, but not limited to, yard signs) other supplies (collectively “Supplies”) used in connection with the Franchise Business that comply with our specifications and standards as identified in our Manuals or through our intranet portal. Specifications for Supplies are formulated by us in the exercise of business judgment and experience in the business. If the specifications are adopted or modified, they are issued to franchisees through the Manuals or other by written communication, including written documentation distributed via e-mail or our intranet portal.

We currently do not have any Approved Suppliers for the purchase of Supplies but reserve the right to designate specific Approved Suppliers at any time.

#### Software

You must purchase software that we designate as provided by an Approved Supplier. Currently, we require the use of an Approved Broker Management System. We also reserve the right to require you to purchase or lease proprietary software from us or an Approved Supplier designated by us in the future.

### Insurance

You must, at your expense, obtain and keep in full force, certain insurance coverage as identified in the Manuals. Present requirements are: comprehensive commercial general liability of at least \$1,000,000 per occurrence and annual aggregate; combined single limit bodily injury and property damage liability; automobile liability insuring each car owned or leased by Franchisee with at least \$1,000,000 combined single limit bodily injury; commercial, hired and non-owned automobile policy in the face amount of at least \$1,000,000 combined single limit of liability for bodily injury and property damage; any other policies and coverage required by law. You are required to obtain errors and omissions insurance for all sales agents affiliated with your Franchised Business. This should be a claims made policy form with an occurrent limit of not less than \$1,000,000 and a deductible of \$5,000 with First Dollar Defense. In addition, we recommend you seek advice from an insurance agent to determine if you should consider a Cyber Insurance policy.

We may increase the amount of coverage or require different or additional coverage in the future due to inflation, the identification of new risks, changes in the law or standards of liability, higher damage awards or other relevant changes in circumstances. Insurance requirements are identified in the Manuals.

### **Approval of Alternative Suppliers**

To the extent that you desire to have a supplier designated as an Approved Supplier by us, we will consider a variety of factors including: their demonstrated capacity to meet our standards and specifications; financial strength and business reputation of the supplier; its standards of quality, service, safety and health and adequate quality controls; ability to fill orders in a timely fashion based on quantity projections; ability to serve the needs of franchisees and deliver the product on a regional or national scale; and protection of our proprietary information. Our confidential requirements and systems information should not be revealed to any proposed supplier/vendor without our written approval.

We or our agents may inspect any approved vendor or supplier facilities to assure compliance with our specifications and standards. Permission for inspection will be a condition of our continued approval of any vendor or supplier. If we find from any inspection that a vendor or supplier fails to meet our specifications and standards, we will give written notice describing this failure to you and to the vendor or supplier, with a notice that unless the failure or deficiency is corrected within a reasonable period of no more than 30 days, the vendor or supplier will no longer be approved.

We will notify you of our approval or disapproval of a proposed supplier within 180 days of receiving your written request for approval. If we notify you that a supplier no longer meets our standards and specifications, you must immediately stop using that Supplier's products. Additional

specifications for Approved Suppliers may be included in our Manuals or in written communications to you, which may include email, and may periodically change.

### **Negotiated Pricing**

We may negotiate arrangements with a certain number of suppliers of promotional and marketing items or other Supplies that we believe are advantageous and beneficial to the business interest of the franchisees. Where we have negotiated arrangements with suppliers, we may derive revenue as a result of required or voluntary purchases by franchisees.

### **Revenue from Franchisee Purchases**

We may derive revenue from products and services that you may purchase. This revenue results from sales by us to our franchisees or affiliate revenue from third-party vendors. We reserve the right to derive revenue from other products and services and from rebates from third-party vendors. In fiscal year ~~2022~~2023, we received revenues in the amount of \$~~32,68570,046.46~~ from such purchases made by franchisees, which was ~~1.43.1~~% of our total revenues of \$~~2,273,0542,253,108~~. In fiscal year ~~2022~~2023, our affiliate JPPRES received approximately \$~~6,3104,200~~ in revenues from such purchases.

### **Cooperatives**

We do not have any purchasing or distribution cooperatives.

### **Costs to Establish and Operate the Franchised Business**

We estimate that the required purchases according to our specifications or from Approved Suppliers described in this Item (Supplies, Software, Insurance) represent approximately 5 - 15% of your cost to establish and operate the Franchised Business on an ongoing basis.

Some franchisees are already established businesses at the time they join our System. They may vary significantly in size and number of sales professionals and the actual number of referrals received cannot be estimated; therefore, a meaningful estimate of the percentage of required purchases to total purchases cannot be made.

Currently, none of our officers own an interest in any Approved Supplier.

## ITEM 9

### **FRANCHISEE'S OBLIGATIONS**

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

| <b><u>Obligation</u></b>                                   | <b><u>Section in Franchise Agreement</u></b>                                                                                                                   | <b><u>Item in Disclosure Document</u></b> |
|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| a. Site selection and acquisition/lease                    | Franchise Agreement, Section 2.1                                                                                                                               | Items 7 and 8                             |
| b. Pre-opening purchase/leases                             | Franchise Agreement, Sections 7.1, 7.7.14 and 7.8                                                                                                              | Items 7, 8 and 11                         |
| c. Site development and other pre-opening requirements     | Franchise Agreement, Sections 5.2.1, 6.1 and 7.1 to 7.7                                                                                                        | Items 7, 11 and 16                        |
| d. Initial and ongoing training                            | Franchise Agreement, Sections 6.1, 6.3.5 and 7.1                                                                                                               | Item 11                                   |
| e. Opening                                                 | Franchise Agreement, Section 2.2                                                                                                                               | Item 11                                   |
| f. Fees                                                    | Franchise Agreement, Sections 3.2.2, 4, 5.2, 7.7.8, 9.2.9 and 12.10                                                                                            | Items 5 and 6                             |
| g. Compliance with standards and policies/operating manual | Franchise Agreement, Sections 1.7, 1.13, 2.1, 2.3.1, 3.2.6, 5.1, 5.2.9, 5.3, 6.2, 6.3.3, 7.3, 7.5 to 7.10, 8, 9.2.10, 10.3.3, 10.4.10, 11.3.7, 11.9 and 13.7.4 | Item 11                                   |
| h. Trademarks and proprietary information                  | Franchise Agreement, Sections 1.7, 1.8, 2.3, 7.3, 7.7, 8, 10.3.2, 10.4.9, 11.3, 11.4, 11.5 and 11.6                                                            | Items 13 and 14                           |
| i. Restrictions on products/services offered               | Franchise Agreement, Sections 1.11, 2.3, 7.2, 7.3, 8.2 and 8.6                                                                                                 | Items 8 and 16                            |
| j. Warranty and customer service requirements              | Franchise Agreement, Sections 7.7.5, 7.7.6, 7.8, 7.9.3, 10.4 and 11                                                                                            | Item 11                                   |

| <b><u>Obligation</u></b>                               | <b><u>Section in Franchise Agreement</u></b>                                | <b><u>Item in Disclosure Document</u></b> |
|--------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------|
| k. Territorial development and sales quotas            | Franchise Agreement, Sections 2.1, 2.3 and 7.5                              | Item 12 and 16                            |
| l. Ongoing product/service purchases                   | Franchise Agreement, Sections 7.4, 7.7.11 and 7.7.13                        | Items 8 and 16                            |
| m. Maintenance, appearance and remodeling requirements | Franchise Agreement, Section 3.2.6, 7.7.7 and 9.2.10                        | Item 11                                   |
| n. Insurance                                           | Franchise Agreement, Section 7.8                                            | Items 7 and 8                             |
| o. Advertising                                         | Franchise Agreement, Sections 4.9, 6.3.1, 7.6, 7.9 and 7.10                 | Items 6, 7 and 11                         |
| p. Indemnification                                     | Franchise Agreement, Sections 7.6.4, 7.8.6, 7.9.3, 7.10, 8.6.2 and 12.9     | Item 6                                    |
| q. Owner's participation/management/staffing           | Franchise Agreement, Section 7.7                                            | Item 15                                   |
| r. Records and reports                                 | Franchise Agreement, Sections 1.10, 4.6, 5, 7.4, 7.7.8, 10.3.2 and 10.4     | Item 6                                    |
| s. Inspections and audits                              | Franchise Agreement, Sections 5.4 and 7.7.17                                | Item 6                                    |
| t. Transfer                                            | Franchise Agreement, Sections 1.15 and 9                                    | Items 6 and 17                            |
| u. Renewal                                             | Franchise Agreement, Sections 3.2 to 3.4 and 7.7.7                          | Items 6 and 17                            |
| v. Post-termination obligations                        | Franchise Agreement, Sections 3.3, 3.4, 5.2.10, 9.2.6, 11, 12.9 and 12.13.1 | Item 17                                   |
| w. Non-competition covenants                           | Franchise Agreement, Section 11.9                                           | Item 17                                   |
| x. Dispute Resolution                                  | Franchise Agreement, Section 12                                             | Item 17                                   |

## ITEM 10

### **FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation of yours, or practice or intend to sell, assign, or discount to a third party all or any part of any financing arrangement of yours.

## ITEM 11

### **FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

#### **Pre-Opening Site Selection Obligations**

We do not provide you with assistance in locating a site or negotiating the purchase or lease for your Location. You shall only operate the Franchised Business from a Location that we approve.

#### **Location Approval**

We will approve or reject any Location you propose within two weeks of when we acknowledge receipt of all information necessary for us to evaluate the Location. In approving your Location, we will consider general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. We may not withhold our approval without good cause. You must present a Location that meets the requirements of our System Standards [as outlined in our Manuals](#). If we do not approve a Location you propose, you must then propose a new Location.

If you desire to open an Additional Location, you must first submit a written request for approval of each proposed Additional Location containing such information as requested by us. Within thirty (30) days after receiving such a request, we shall approve or disapprove such Additional Location. If we approve an Additional Location, you shall pay the required Initial Franchise Fee specified on the Data Sheet of your Agreement, execute our then-current franchise agreement or other documentation as we may require, and extend the Term of all existing Locations to run co-terminus with the approved Additional Location. An Addendum to the Franchise Agreement to add an Additional Location is attached to the disclosure document as Exhibit J.

We do not provide assistance with conforming the premises to local ordinances and building codes or obtaining any required permits, and/or constructing, remodeling, or decorating the premises. If you do not submit a Location of your business that is approved by us, your franchise may be terminated if you do not cure after notice.

## **Pre-Opening Assistance**

Before you begin operating your Franchised Business, we will:

(1) Commence transition orientation, consultation, and onboarding to effectuate your integration into the System through our ~~STAR Owner~~-Training Program, checklists, and remote and self-guided training within 90 days of your Franchise Agreement Effective Date (Franchise Agreement, Section 6.1.1). We do not charge you for the orientation, consultation, onboarding, training, and integration~~Program~~; however, if you attend an in-person training event, you will pay for your travel, lodging, meals, expenses, and incidentals. You must complete the orientation, onboarding, training, and integration, including remote and self-guide elements, Program to our satisfaction.

(2) Make available an electronic copy of our Manuals for use in operating the Franchised Business during the Term of the Franchise Agreement. The Manuals contain our standard operational procedures, policies, rules, and regulations with which you must comply. We may periodically modify the Manuals to convey to you any changes in the authorized products and services, specifications, standards, and operating procedures. (Franchise Agreement, Section 6.2) You must treat Manuals as confidential in accordance with the requirements of your Franchise Agreement. We do not have a printed operating manual. As of the date of this disclosure document, our Manuals consist of the equivalent of approximately 5549 pages of information. A table of contents to the Manuals can be found at Exhibit C of this disclosure document. (Franchise Agreement, Section 6.2)

(3) Make available to you materials and suggested content for you to conduct orientation for your independent sales agents to acclimate them to the System. We also reserve the right to conduct this orientation for you either (i) at a mutually agreeable location at your sole cost and expense; or (ii) via an online meeting or other means of electronic communication selected by us. (Franchise Agreement, Section 6.1.2)

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

## **Continuing Assistance**

During the operation of your Franchised Business, we will:

(1) Make available from time-to-time optional educational courses, seminars, conventions, or other programs to managers, staff or agents in a suitable location selected by us or via an online meeting or other means of electronic communication selected by us. Upon reasonable notice, we may require attendance at certain courses, seminars, conventions, or other programs. In all circumstances, you will be responsible for any

travel, lodging, meals, expenses, and incidentals and any course fees as may be applicable. (Franchise Agreement, Section 6.1.4)

(2) Make available from time-to-time marketing and sales promotion materials for purchase from third-party vendors. (Franchise Agreement, Section 6.3.1)

(3) Make available such periodic assistance as we deem appropriate, utilizing our representatives who may visit the Location(s) in person or through an online meeting. The frequency and duration of such periodic contact will be at our discretion. These may, but need not, include among other things: assistance in hiring and training employees, improving and developing your business, establishing prices, establishing and using administrative, bookkeeping, accounting, and inventory control procedures, sales and marketing techniques or developments, and resolving operational problems that you encounter. (Franchise Agreement, Section 6.3.3.)

(4) Make available, at our option, ongoing assistance and support for consultation and guidance with respect to the operation of the Franchised Business through any of the following communications means at our sole discretion: email, e-newsletters, social media groups, intranet portal or other communication means. (Franchise Agreement, Section 6.3.4)

(5) We may also, at our option, periodically arrange a convention or similar mastermind event for all franchisees where you may participate in various programs with us and other franchisees. You will be responsible for any travel, lodging, meals, expenses, and incidentals. (Franchise Agreement, Section 6.3.5).

### **Opening of Your Franchised Business**

The opening of your Franchised Business generally occurs as soon as you are licensed and approved and able to conduct Transactions. Your Franchised Business must begin operations using the System and Marks either: i) within 6 months after you sign your Franchise Agreement or ii) on the Open Date as identified in the Data Sheet to your Franchise Agreement. The factors that may affect the time of opening include your ability to obtain licensing and approvals a lease, financing or building permits, zoning and local ordinances, leasehold improvements, weather conditions, and shortages or and delays in these processes installation of equipment fixtures and signage. If you do not open your Franchised Business as required in the Franchise Agreement, we may terminate the Franchise Agreement after notice and a 15-day cure period, without refunding any of the initial franchise fee.

### **Advertising and Promotion**

We do not use an advertising council. We use a combination of in-house marketing staff and/or external marketing agencies, supervised by our executives and/or marketing personnel. We do utilize a JPAR Owner Advisory Board (the “Advisory Board”), composed of franchisee owners, in an advisory capacity only to provide input and feedback across all aspects of our system, including advertising programs. Advisory Board members are selected by franchisees, with each franchise allowed to vote for qualifying candidates. The Advisory Board does not have any operational or decision-making power. We have the power to form, change, or dissolve the Advisory Board.

We may provide you with marketing materials for various media outlets. You may also develop your own advertising materials provided you adhere to our System Standards as identified in our Manuals. In the interest of maintaining the integrity, force, quality, image, and goodwill associated with the Marks and the System, we reserve the right to review and approve, any advertising and promotional materials you choose to develop to promote the Franchised Business. (Franchise Agreement, Section 7.6.1) All of your advertising and promotions must be accurate and truthful and comply with applicable laws and regulations on consumer advertising. (Franchise Agreement, Sections 7.6.3)

You are not obligated to participate in any local or regional advertising cooperative.

### Marketing Fund

~~In the future, we may have established~~ a fund for marketing, promotion and other advertising related costs and expenses as identified in the Franchise Agreement and in this disclosure (“Marketing Fund”). (Franchise Agreement, Section 4.8) \$25 of each Transaction Fee is designated to the Marketing Fund ~~Should a Marketing Fund be established, and~~ you will be responsible for the payment of a marketing contribution (“Marketing Fund Contribution”). ~~You will be provided a minimum of ninety (90) days’ notice prior to implementation of a Marketing Contribution.~~ Your payment of a Marketing Fund Contribution shall be due and paid in the same manner and method as the Brokerage in the Box Fee and Transaction Fee. In our past 2023 fiscal year, we did not collect any Marketing Fund Contributions or have any Marketing Fund expenditures. Company-owned and affiliated-owned outlets and legacy franchisees do not currently contribute to the Marketing Fund. Company and affiliate-owned will contribute to the Marketing Fund if they acquire or take over a franchisee outlet that contributes to the Marketing Fund.

We, without seeking or obtaining agreement with franchisees, and not as a condition to the grant or acceptance of the Franchised Business, shall use the Marketing Fund as we, in our sole discretion, deem beneficial for the brand with the intention to enhance the competitive effectiveness and general public acceptance of the Marks, System, JPAR brand name and related business, which may include the development and implementation of JPAR marketing, advertising and promotional programs. (Franchise Agreement, Section 4.8.1).

We shall direct marketing programs financed by the Marketing Fund with sole discretion over all aspects of the fund’s usage, including, but not limited to, the creative concepts, materials, services, programs, endorsements, types of media and geographic allocation of media placement (whether local, regional, or national). Marketing Fund expenses may include, but not be limited to: i) website development, content creation, social media, and marketing materials; ii) assisting franchisees in implementing marketing, advertising, and promotional tools and programs, which may include field visits, annual convention costs attendant to marketing efforts or other targeted or system-wide marketing efforts at our discretion; and iii) payments to us for the expense of administering the Marketing Fund, including administrative costs, overhead, accounting expenses and salaries and benefits paid to our employees engaged in the marketing, advertising and promotion functions or as an allocation for certain Corporate Services as described below. (Franchise Agreement, Section 4.8.4).

The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Marketing Fund; provided, however, we will make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the Marks and the System generally. (Franchise Agreement, Section 4.8.3). Marketing Fund Contributions may be deposited into our general operating account and commingled with our general operating funds. An accounting of the marketing contribution deposits constitutes the Marketing Fund. We have no affirmative obligation to provide you with an accounting of receipts or disbursements of these funds; however, upon specific written request, we will provide an annual unaudited statement of the financial condition of the Marketing Fund. If all of the Marketing Fund Contributions are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Marketing Fund for use in the following years. (Franchise Agreement, Section 4.8.2).

We undertake no obligation in using such funds to make expenditures for any franchisee that is equivalent or proportionate to any franchisee's contribution, or to ensure that any particular franchisee benefits directly or proportionately from the placement of advertising or promotional efforts. We do not have to spend any amount on marketing, advertising, promotion, or fieldwork in your market or geographic area. (Franchise Agreement, Section 4.8.3)

The Marketing Fund will pay reasonable costs of administration, including administrative costs, overhead and salaries that we may incur related to the fund's purpose. (Franchise Agreement, Section 4.8.5) Specifically, we have the right to use part of the Marketing Fund for joint or collective advertising campaigns with related, affiliated companies. Marketing Fund costs for formulation and development of advertising, marketing, promotional and public relations materials will include marketing staff compensation, travel expenses, and a proportionate share of the compensation for our senior management who devote time and render services for advertising, marketing and/or promotional purposes or the administration of the Marketing Fund. The Marketing Fund may compensate us or our affiliated entities for out-of-pocket costs and for reasonable expenses incurred for rent, overhead, accounting, collection, reporting, legal, human resources, finance, operations, management and other services (collectively "Corporate Services"), which we or our affiliated entities provide to, or which relate to the administration of or services provided to, the Marketing Fund and its programs. We and our affiliated entities may provide certain products and/or services to the Marketing Fund, including the Corporate Services outlined above, which would otherwise be provided by unaffiliated third parties, and we and our affiliates will be entitled to compensation by the Marketing Fund for such products and/or services. Any products and/or services provided by us or our affiliates will be provided at a cost comparable to those costs that the Marketing Fund would otherwise incur if the products or services were obtained from unaffiliated third parties. In those cases where Corporate Services costs are shared, Franchisor and its affiliates determine how much of the overall expenses incurred for Corporate Services for a calendar year are reasonably attributable to marketing, promotional and advertising services. These expenses are allocated based on revenue, headcount, usage, and similar bases, as we deem appropriate for the specific Corporate Service. We have the right to periodically modify the allocation process and the methodology described in this paragraph.

#### Internet Usage

You may use the internet to market the Franchised Business as set forth in the Manuals. You shall not, however, register any of the Marks on the Internet or any other computer on-line

service, which shall preclude using the Marks as a domain name or as an email address unless issued through us. (Franchise Agreement, Section 8.6)

We make available a publicly accessible website (<http://www.jpar.com>). This website allows franchisees and sales agents to post listings for consumers worldwide, who can search for listings by geographic regions, price range, number of rooms and other pertinent criteria. It allows consumers to request more information or request a showing for a property thus creating leads that we may distribute to franchisees or their agents. We may choose to route these leads to a third-party lead nurturing service who may then send them to franchisees or their agents for a referral fee.

Presently, there are no fees directly associated with participation in JPAR.com although ~~there are optional sites and marketing programs available at an additional cost~~~~we reserve the right to implement an Agent Technology Fee, which may include costs for this website~~. You must obtain appropriate connectivity and browser software for this application as well as any platform upgrades that may be necessary.

### **Computers, Software and Telecommunication Reporting**

To participate in the System, you must use or acquire specified computer equipment. We currently have no minimum memory requirements, but the computer system must be equipped with the most recent Windows or MAC operating system, Ethernet and USB ports and must support a functioning e-mail program (Franchise Agreement, Section 7.7.14). Your computer equipment must be sufficient to operate your day-to-day real estate brokerage business, including high speed internet to access our intranet portal and to receive and send email to us and it must be able to accommodate commercially available software applications, including a customer relationship management program and an approved broker management software.

The approved broker management system (“BMS”) is a software program designed for use in a real estate office to record, track, monitor and report transactions, maintain an accurate sales associate roster, and provide some form of office accounting and bookkeeping, or an interface to a separate accounting/bookkeeping application. Approved BMS software programs are listed on the Data Sheet at Schedule 1 of the Franchise Agreement; we currently utilize Dotloop for Transaction Management and Moxi Balance for back office and commission disbursement accounting. The BMS program is used to enter and track transactions from inception of contract through closing. Dotloop and Moxi Balance are currently provided to you on a non-exclusive basis at no extra charge and you only pay for connection to your internet service provider and QuickBooks along with any payment processing applications you may choose to utilize. We reserve the right to implement an Agent Technology Fee, which may include access for this software.

You may participate in our compliance platform and assistance that relates to certain compliance, file maintenance, review and administrative training and services that can be utilized as part of the System. The terms of the Compliance Platform and compliance assistance are provided in the Compliance Platform Agreement attached in Schedule ~~5-6~~ to the Franchise Agreement. The fees for this system are included in the Franchise Agreement terms for those

franchisees who select to participate in the Compliance Platform. We reserve the right to add a fee if a franchisee later wishes to add the system to their franchise.

The approximate cost to purchase or lease this type of computer system is between \$750 and \$2,000. Based on industry standards, processing requirements and our discretion, you must upgrade hardware components as needed. The approximate cost of purchasing the computer hardware and software per Location with multiple workstations is between \$5,000 - \$15,000.

We will have independent access to information and data that is electronically collected by you. The type of information that will be collected includes real estate property listing information and seller contact information. There are no contractual restrictions on our right to access such information and data.

We may periodically modify our standards, which will be communicated to you in corresponding updates to the Manuals, which may require you to upgrade or update your system. There are no contractual limitations on the frequency or cost of this obligation. There are no optional or required maintenance, updating, or support contracts that you are required to enter into and therefore no annual costs associated with maintenance, updating or computer support.

We may require you to add commercial communications systems or capacity, in addition to your present electronic mail, Internet capacities and participation in an intranet system developed by or for us. You will bear the cost of these systems or capacities, and we may include a reasonable charge for the services it chooses to provide.

Other than the broker management system described above, we have no obligation to assist you in obtaining the computer goods and services described in this Franchise Disclosure Document. You may purchase or lease the hardware and software from any manufacturer meeting our minimum standards and from any computer supplier you choose. Neither we nor any of our affiliates or third parties have any obligation to provide ongoing maintenance, repairs, upgrades or update services for your computer hardware and software.

### **Educational Offerings**

We will conduct educational courses, training seminars or conventions at locations we select at our discretion. You must designate an Owner or manager to attend our Integration Program within 90 days after the Franchise Agreement's effective date. (Franchise Agreement, Section 6.1.1.). Attendees must complete the program to our satisfaction. Your payment of the Initial Franchise Fee entitles you to have one person attend and complete the training without charge. We reserve the right to charge a fee for additional attendees. If the training is conducted at our principal place of business, you must pay your attendees' costs of transportation, lodging, meals, and other expenses. We do not pre-schedule training courses and only provide training after the Franchise Agreement is fully executed.

**[Remainder of Page Intentionally Blank]**

**TRAINING PROGRAM**  
**Integration Program**

| <b>Subject</b>                                                                              | <b>Hours of<br/>classroom<br/>training</b> | <b>Hours of<br/>on-the-job<br/>training</b> | <b>Location</b>                      |
|---------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------|--------------------------------------|
| Introduction, Meet the Team, Recaps                                                         | 2                                          | 0                                           | Phone/Webinar or In Person at our HQ |
| Technology Platform and Agent Benefits                                                      | 7                                          | 0                                           | Phone/Webinar or In Person at our HQ |
| Operational Requirements: Office Design, Reporting, Operations Manual, Preferred Vendor App | 6                                          | 0                                           | Phone/Webinar or In Person at our HQ |
| Brand Identity Standards                                                                    | 1                                          | 0                                           | Phone/Webinar or In Person at our HQ |
| Recruiting, Retention, Risk Management, Business Management, and Mentorship.                | 6                                          | 0                                           | Phone/Webinar or In Person at our HQ |
| Other Setup Items                                                                           | 1                                          | 0                                           | Phone/Webinar or In Person at our HQ |
| <b>Total</b>                                                                                | <b>23</b>                                  | <b>0</b>                                    |                                      |

**Franchisee and Sales Agent Orientation**

You are responsible for conducting sales agent orientation and we recommend that it is conducted monthly. We have materials and suggested formats which will be shared during the Integration Program. We also reserve the right to provide this training ourselves or to delegate the performance of training to qualified third parties.

| <b>Subject</b>              | <b>Hours of<br/>classroom<br/>training</b> | <b>Hours of<br/>on-the-job<br/>training</b> | <b>Location</b>                      |
|-----------------------------|--------------------------------------------|---------------------------------------------|--------------------------------------|
| Brand Recognition and Value | 15 minutes                                 | 0                                           | Phone/Webinar or In Person at our HQ |
| Vision and Mission          | 15 minutes                                 | 0                                           | Phone/Webinar or In Person at our HQ |
| Top Tools Available         | 3                                          | 0                                           | Phone/Webinar or In Person at our HQ |
| <b>Total</b>                | <b>3.5</b>                                 | <b>0</b>                                    |                                      |

Experience of the Instructors: Our primary instructors include Justin Boyd and Lisa Sennstrom and Daniel Butbul.

Justin Boyd has served as our Franchise Operations Manager since June 2022. He coordinates the training program schedule and various training personnel and facilitates the training sessions.

Lisa Sennstrom has worked for us as a trainer and coach since March 2022 and currently serves as our Vice President of Operations. She teaches or supervises the instruction of all curriculum items. Ms. Sennstrom has held roles in consulting and coaching with Anywhere Real Estate since July 2018 and up until joining JPAR, Franchising LLC.

~~Daniel Butbul has worked for us and our affiliate JPPRES as a trainer since December 2018 and currently serves as our Vice President of Operations. He teaches or supervises the instruction of all curriculum items. Mr. Butbul completed a degree in Computer Science from the University of Texas at Austin. Prior to joining us, he owned and operated Ambiance Realty, a large real estate brokerage located in the Dallas, Texas metropolitan area. Beginning in March 2016, while at Ambiance Realty, Mr. Butbul taught a curriculum that included real estate technology, social media, lead generation, REALTOR® marketing, contracts, listing presentations and transaction management.~~

Instructors and course content may be changed. We provide instruction through Ms. Sennstrom~~Mr. Butbul~~ or management or corporate officers unless outside consultants are used. They will generally have at least one year experience in the relevant subjects in which they participate.

We reserve the right to offer additional, ongoing, and supplemental training sessions at times and locations designated by us. We may make certain of these training sessions mandatory for you if deemed to be relevant or appropriate to the successful operation of the Franchised Business. Such circumstances may also include remedial efforts for customer complaints or Franchisee's other unsatisfactory performance of its obligations. Fees may be charged by Franchisor for required training courses, seminars, conferences, or other programs.

In all circumstances, you will bear the costs for your attendance and that of your employees and sales agents at the training courses, including travel, accommodation and out-of-pocket expenses, and any salaries or compensation of your employees and sales agents while in attendance. In the event that you request that training be conducted at your Location, you must pay the trainer's expenses for travel, accommodation, food and other out-of-pocket expenses.

### **Other Training Issues**

Computer skills are necessary for the operation and marketing of the Franchised Business. You must become proficient in the use of the Windows or MAC and Microsoft software programs on your own. If this is not done before the start of training, the ability to learn other programs and functions may be delayed.

### **Cooperation Agreements**

We reserve the right to enter into agreements with particular service providers, which you must use, subject to law, except in cases where you have legitimate commercial or financial reasons

for refusing such cooperation. These cooperation agreements may enable you to offer additional services to your clients. Any commission earned pursuant to any such cooperation agreements will be split in the manner specified in the Franchise Agreement. At this time, we do not have any of these agreements in place, so we are unable to tell you what the fees might be, or how they would be split and paid.

## ITEM 12

### TERRITORY

You are granted the right to operate the Franchised Business from a particular Location or a ~~Restricted Purpose~~Rapid Expansion Office Location (collectively, “Locations”). We have no policy as to proximity of franchise Locations from each other and we reserve the right to establish other franchises that distribute similar products or services under the same or a different trademark, service mark, trade name, or logotype anywhere using our own sole discretion. Expansion Offices may operate virtually, where permitted by local association and state licensing regulations and requirements.

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

In certain limited circumstances in the past, we granted franchisees a protected territory, which only prohibits us from franchising additional Locations within your protected territory using the JPAR Marks. We no longer intend to offer or grant any protected territory. Nothing will prohibit us, other franchisees, our affiliates, or our affiliates’ franchisees, from transacting business near your Location(s) or within the market area of your Location(s). There is no guarantee that you will be the exclusive recipient of referrals or any other business within any market area or territory.

### Competition

You do not receive the right or any options, rights of first refusal, or similar rights to acquire additional franchises. You are granted only the limited right to develop, operate, and market the Franchised Business and to solicit and accept customers at the Location(s). You do not have any rights to sell products or services with or identified by the JPAR® names and marks through any other channels or methods distribution, including the Internet (or any other existing or future form of electronic commerce), or at any location outside your approved Location(s).

We and our affiliates and parent company reserve all rights that we do not grant to you. Specifically, we and our affiliates expressly reserve the exclusive, unrestricted right, directly and indirectly:

- (i) own, acquire, establish and/or operate, and license others to establish and operate, a real estate brokerage business using the Marks at any location other than your Location.
- (ii) own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, including businesses that are competitive with the Franchised Business and the System;
- (iii) own, acquire, establish, operate, license or authorize others to establish a separate commercial franchise system for commercial real estate brokerage services with the same or different Marks;

- (iv) own, acquire, establish and/or operate, and license others to establish and operate businesses that:
  - a. produce, license, distribute and market JPAR branded products, clothing, souvenirs, and novelty items through any outlet (regardless of its proximity to the Franchised Business) including retail and department stores and through any distribution channel, at wholesale or retail, including by means of the Internet, mail order catalogs, direct mail advertising and other distribution methods; and
  - b. license additional products and services under the Marks; and
- (v) own, acquire, establish and/or operate and grant others the right to develop, own, operate and issue franchises and licenses to others to develop, own and operate other methods and channels of distribution under different marks and branding or utilizing the Marks and the System, including, without limitation, toll-free telephone numbers, domain names, URLs, on-line computer networks and services, the Internet, kiosks, carts, concessions, satellite units, other mobile, remote, limited service or non-permanent facilities or other retail operations.

We are not required to pay you any compensation if we exercise any of these rights.

#### **Relocation/Location Closure**

If you desire to relocate or close your Location, ~~or any Restricted Purpose Location~~, you must request our consent at least 30 days before the desired date of relocation or closure. We reserve the right to approve or disapprove of your request at our discretion. Factors we will consider include where the Location is desired, the proximity of the new Location to other existing Franchised Businesses, and whether you are in default of any of your obligations under your Franchise Agreement.

#### **National Accounts**

We may establish national accounts with companies to service their needs throughout their systems nationwide (“National Accounts”). To participate in such National Accounts, you may need to satisfy certain eligibility criteria. If you are eligible to service these National Accounts and are interested in doing so, you will be required to sign a separate National Account Service Agreement for each customer identifying the conditions under which Products and Services will be provided.

**[Remainder of Page Intentionally Blank]**

## ITEM 13

### TRADEMARKS

As a Franchisee, you are licensed to use and display the “JPAR® - Real Estate,” or “JPAR®”, and related trade names, trademarks, service marks, logos and other commercial symbols (“Marks”) in connection with your Franchised Business subject to compliance with our standards and depending on the type of franchise program selected. Under both the GROW and FLEX programs, you have the choice to operate a franchise brokerage using our Marks or use the Franchisees that select one of our +JPAR model program options where our franchisees will identify their franchised business using their own primary name, and marks, and brands and using the “JPAR name and branding and identify their affiliation with us and the franchise system with an identifier, such as “Local Brand Name +JPAR®”. You may not license or sublicense any trademarks, service marks, trade names, logotypes or commercial symbols owned by us, or our affiliates. We may also permit or require that you use the Marks with other words or symbols or use other trademarks owned or licensed by us in the operation of your Franchised Business. We reserve the right to change the Marks and require you to substitute or modify any or all the Marks at any time upon notice. In this event, you must replace the signage and materials at your Locations at your expense. As of the issuance date of this disclosure document, we have the rights to sublicense the following Principal Registered trademarks, amongst others, registered with the United States Patent and Trademark Office (“USPTO”):

| Trademark                          | Reg. No. | Registration Date | Owner                                  |
|------------------------------------|----------|-------------------|----------------------------------------|
| JPAR (Word Mark)                   | 5357909  | 12/19/2017        | JP Piccinini Real Estate Services, LLC |
| EXCEEDING EXPECTATIONS (Word Mark) | 5367610  | 01/02/2018        | JP Piccinini Real Estate Services, LLC |
| JPAR                               | 6171016  | 10/06/2020        | JP Piccinini Real Estate Services, LLC |

No affidavits or renewal filings are yet due in connection with these registrations. Affidavits of use and incontestability and renewal filings will be filed at the time specified by law.

We also claim common law rights in other marks and logos that we have developed; however, we have not applied for registration of these marks.

The Marks are owned by our affiliate JPPRES, who has sublicensed them to us for use in the System, pursuant to a Trademark License Agreement dated March 1, 2018 (the “License Agreement”). The License Agreement has a 100-year term and renews at intervals of 100 years thereafter. As a result, the License Agreement continues for as long as we conduct business in compliance with the terms of the Trademark License Agreement.

JPPRES may terminate the Trademark License Agreement if:

1. There is a material breach that remains uncured thirty (30) days after JPPRES gives written notice of the breach; or
2. We and/or our franchisees discontinue all use of the Marks for a period of twenty-four (24) months, and do not resume use of the Marks within thirty (30) days after receiving notice of termination from JPPRES.

All other intellectual property such as copyrights and other proprietary information associated with the Franchised Business is owned by us.

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

You do not acquire any ownership of these trademarks or any right to goodwill attributed to them. You may not challenge the ownership of the trademarks or to assist anyone else in doing so. You also may not challenge our right to use and license the use of the trademarks or to assist anyone else in doing so. You also may not acquire any similar or identical trademarks.

You must follow our rules when you use these trademarks. You are prohibited from using any of our Marks as part of your corporate, partnership, limited liability company or other entity name or with any prefix, suffix, or other modifying words, terms, designs, or symbols. You may not use our Marks for the sale of an unauthorized product or service or in a manner not authorized in writing by us.

Other than the License Agreement, there are no other agreements currently in effect or infringing uses known to us that significantly limit our right to use or franchise the use of this trade name in any manner material to the Franchise being offered in the state in which the Franchised Business is to be located.

There is no pending material litigation involving the Marks and we do not know of any superior prior rights or infringing uses that could materially affect franchisees' use of the Marks. We are not aware of any currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation or any pending material litigation involving the principal trademarks.

If a third party makes any claim, by suit or otherwise, against you because of your use of the Marks in accordance with the terms of the Franchise Agreement, you must promptly notify us in writing. Upon receiving this notice, we and/or the owner of the Marks will retain counsel of our own choosing to defend you against any claim of this type, and will protect you from any loss, costs or expenses resulting from any claim. We or the owner of the Marks also has the sole right to manage and control any such suit or other proceeding. We or the owner of the Marks will have the sole discretion to determine if the use by a third party in an unrelated line of business of a word or logo that is the same or like the Marks is confusing to the public and what action, if any, should be taken. (Franchise Agreement, Section 8.4.5)

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

Detailed information concerning your authorized use of the Marks is contained in the Franchise Agreement (Franchise Agreement, Section 8.4). This information includes restrictions on the use of other trademarks, trade names, service marks, insignias, or logos.

If we are dissolved, declare bankruptcy, are liquidated, or have a receiver appointed, JPPRES has the absolute right to approve any use of the Marks and any new Mark or name that we intend to use. JPPRES is a third-party beneficiary of your Franchise Agreement. If the Trademark License Agreement is terminated, JPPRES may assume or assign your Franchise Agreement. Otherwise, it will terminate.

## **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

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

You must operate the Franchised Business according to the provisions of the Franchise Agreement and the Manuals, which will be made available to you in electronic and/or hardcopy form after completion of our integration program.

In addition to the Manuals, you may receive other manuals and marketing materials such as those containing identity standards and approved supplier catalogs.

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

## **ITEM 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS**

You must devote full time and effort to the active management and operation of the Franchised Business, which includes: (i) using your best efforts to diligently and effectively promote, market and engage in the Franchised Business; (ii) developing with best efforts the demand for Services associated with, and the potential growth for, the Franchised Business from each of your Locations; and (iii) devoting and focusing all of your attentions and efforts to such promotion and development.

If you are a corporation or other entity, an Owner (as that term is defined in the Franchise Agreement) must directly supervise the business. If you consist of a partnership or have more than one Owner, one of your partners or Owners must have a majority interest in the Franchise or you must have a mechanism to grant to one partner or Owner the ability to resolve tiebreaker or deadlock issues within your partnership agreement, operating agreement, or shareholder agreement. In accordance with state laws, you must be a real estate broker to supervise your Franchised Business. Alternatively, you must appoint a supervising real estate broker. Any broker must be approved by us and must complete the Integration Program to our satisfaction (See Item 11 and Franchise Agreement Section 6.1) and must sign a confidentiality and non-competition agreement in a form acceptable to us before they begin managing the Franchised Business. We can supply you with a model confidentiality and non-competition agreement that you can use; however, it is your responsibility to work with your own local legal counsel to ensure that any contract you use complies with the law of your particular state.

If you are a corporation or other entity, each of your Owners must sign the Personal Guaranty of Payment and Performance (“Guaranty”) in the form attached to the Franchise Agreement personally assuming and agreeing to discharge obligations of the Franchisee, including its payment obligations, under the Franchise Agreement. We have the right to require a spouse not party to the Franchise Agreement to give a personal guaranty if you live in a community property or tenancy by the entirety state. If you live in one of these states, a spouse who signs the Guaranty will be jointly and severally liable for all obligations under the Franchise Agreement whether or not the spouse is involved in the operation of the franchised business.

You are not required to grant an equity interest to any employee or manager.

## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

In connection with the Franchised Business, you are required to only offer those services that we designate in the Franchise Agreement and the Manuals, unless we agree otherwise in writing.

Your Franchised Business may only act as a real estate broker with the Marks from authorized Locations. For all real estate brokerage services, you must use your trade name with the Marks exclusively in all advertising, promotions, communications, and all other materials in any

medium. We have the right to review and require changes to any advertising or other materials including the Marks.

Although you are required to use best efforts to promote and develop the Franchised Business, you shall not seek to promote and develop the Franchised Business outside the geographic areas serviced by your Locations as determined by Franchisor from time to time in its reasonable and sole judgment.

We may add the types of authorized services that you may offer and there are no limits on our right to do so. If any applicable law has certain restrictions or preconditions on offering any authorized services, you must comply.

Your Franchised Business may NOT offer or perform certain Real Estate Related Businesses (“RERB”). Your affiliates and Owners may be permitted to engage in RERB with our prior written approval, which must be memorialized in your Franchise Agreement or an addendum. Such activities must be conducted under a trade name other than JPAR and in a manner (including from segregated workspaces, as we may require, and using a separate telephone number) that eliminates the prospect that the public might believe that the other business relates to the Marks or the System in any way. We have the right to establish policies and standards in our Manuals to ensure these activities are kept separate from the franchised business.

RERB shall include the following, without limitation:

- mortgage banking, brokerage and origination;
- any business related to the development or sale of insurance or insurance related product;
- escrow services;
- title insurance or searches;
- construction and development;
- appraisal;
- consulting services;
- solicitation for investors and related fundraising used for investment activities including, without limitation: investment funds, syndications, crowdfunding, fractional ownership, or other direct or indirect investment activities;
- limited function referral offices (LFROs);
- Property management or otherwise managing real estate in exchange for a fee or other compensation; and
- Commercial Property Transactions. Commercial Property Transactions shall mean acting as a real estate broker with respect to a transaction involving Commercial Property having a gross listing or sales price that exceeds \$25,000,000. “Commercial Property” means parcels of real property other than those on which are located, or intended to be located, residential structures containing multi-dwelling units. Commercial Transactions may only be done with Franchisor’s prior written consent upon Franchisee providing evidence of adequate errors and omissions insurance. We reserve the right to identify and change criteria (including the \$25,000,000 dollar amount threshold) for Commercial Property Transactions, leases, exchanges, and

similar transactions and may impose additional conditions with respect to Commercial Property Transactions in our Manuals.

Please Note: Commercial Transactions below \$25,000,000 may be conducted using the Marks and subject to normal franchise fees and transaction limitations provided you have adequate errors and omissions insurance for such transactions.

If you receive consent from us to engage in RERB, such consent shall be conditioned upon the following:

- Under no circumstances shall the Marks be used with any approved RERB.
- All real estate transactions involving both the Franchised Business and any RERB shall be conducted freely and independently of each other and in compliance with all applicable ethical obligations and disclosure laws.
- Any such RERB must be operated under a separate Legal Entity than the Legal Entity that operates the Franchised Business, must have adequate insurance and Franchisee must maintain conspicuous disclosures that the RERB is not operated by or endorsed by Franchisor.

During the Term of this Agreement, you, and any Owner (and anyone living in the household of an Owner) shall not have any direct or indirect, controlling or non-controlling interest as an owner in a Competitive Business, which shall mean any business (or division of a business) where five percent (5%) or more of its sales include services similar to that offered by the Franchised Business. As a result, you may not, during the term of the Franchise Agreement or any extension, act as a real estate broker in any business other than your Franchised Business, or operate, manage, own, assist, license, sublicense, act on behalf of, represent, or hold an interest, directly or indirectly, in any real estate brokerage business other than the Franchised Business without our permission, nor divert or attempt to divert business or customers of the franchised business to any competitor or do any other act that injures the goodwill associated with the Service Marks or the System, nor solicit any person whom we employ to leave his or her employment.

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## ITEM 17

### RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

#### THE FRANCHISE RELATIONSHIP

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

| PROVISION                                         | SECTION IN FRANCHISE AGREEMENT | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Length of the franchise term                   | Section 3.1                    | Term is <del>3-</del> 10 years from <del>the later of the</del> Effective Date of the Franchise Agreement <del>or the Open Date, depending on the program you select.</del>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| b. Renewal or extension of the term               | Section 3.2, 3.4               | You have no right to a renewal term. If you meet the requirements described below, you may be eligible for a new franchise agreement for a renewal term. If you do not sign a new agreement prior to your expiration but continue to operate the Franchised Business, at our option, your Franchise Agreement may be treated as either: (i) expired and a breach of the Franchise Agreement; or (ii) continue on a month-to-month basis until either party provides notice to the other of its intent to terminate this extended period or the parties enter into a new agreement.                                                                                                                                                                                 |
| c. Requirements for franchisee to renew or extend | Section 3.2                    | You have no right to a renewal term. If you desire to sign a successive term, you must provide us 180 days' notice prior to the expiration of your current Term; you must pay <del>our then-current a \$5,000</del> renewal agreement fee <del>for the type of program you select</del> in lieu of the initial franchise fee and sign the then-current Franchise Agreement being offered to new franchisees, which may contain materially different terms and conditions than your original agreement; be in compliance with the franchise agreement, mandatory specifications, standards and operating procedures, and marketing programs; comply with any additional training or modernization requirements; sign a general release (if permitted by state law). |
| d. Termination by franchisee                      | Section 10.2                   | The Franchise Agreement permits you to terminate only if we fail to perform obligations before you open for business and you notify us within 30 days of the date you open for business. For all other alleged breaches, you must give us written intent to terminate for cause specifically identifying all defaults and providing a 60 day cure period to permit us to cure any defaults, except if any default cannot be cured within 30 days, we are given a reasonable time to cure as long as we initiate steps necessary to cure within the 60 day cure period. You may terminate the franchise agreement on any grounds available under applicable law (if any).                                                                                           |
| e. Termination by franchisor without cause        | None                           | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| PROVISION                                              | SECTION IN FRANCHISE AGREEMENT | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| f. Termination by franchisor with cause                | Sections 10.3, 10.4            | We can terminate if you default, including events described in (g) and (h) below occur.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| g. “Cause” defined – curable defaults                  | Section 10.3                   | You have 15 days to cure the following: failure to make timely payments or submit reports; failure to permit us to audit or inspect; you fail to open by Open Date or within 6 months of Franchise Agreement’s Effective Date; or failure to comply with your obligations to promote and manage the business as identified in Section 7 of the Franchise Agreement. You have 30 days to cure any other default under the Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| h. “Cause” defined – non-curable defaults              | Section 10.4                   | Non-curable defaults by you: insolvency or assignment for creditors, bankruptcy; material misrepresentation or omission in application or report; indicted by grand jury or felony convictions or repeated conduct that reflects unfavorably on us; unauthorized assignment; breach of other agreement with us; real estate license suspended and not reinstated within 7 days; violates trust rules/regulations; you violate in-term non-compete provision; jeopardizing the goodwill or reputation of the franchisor including unauthorized use of Marks or Confidential Information; receipt of 2 or more identified defaults in any 12 month period; you repeatedly conduct yourself in an unprofessional manner after receiving 2 prior written notices; you fail to operate business for 7 consecutive days; fails to report and pay fees on the Annualized Transaction Threshold (identified on the Data Sheet) in a calendar year starting in the first full calendar year of the Term; knowingly underreport Gross Revenue twice within 12 months; underreport gross revenues by 3% for 12 months or longer (whether intentional or not); violate any federal, state or local law or regulation. |
| i. Franchisee’s obligations on termination/non-renewal | Section 11, 6.2.3              | Obligations include: pay all amounts owed to us and may require payment of lost future royalties or liquidated damages equal to the sum of all monthly Brokerage In A Box Fees payable from the date of early termination through the expiration date plus the combined monthly average of Transaction Fees, Annual Dues, and Referral Fees (without regard to any fee waivers or other reductions) payable from the Open Date through the date of early termination, multiplied by the number of full months remaining in the Term; cease using any elements of the System; cease use of the Marks and the Firm Name, including canceling any state filings, all associated telephone numbers and internet directory listings; return all materials and the Manuals; keep all information associated with the Franchised Business confidential; return all materials associated with the System; cease any representation as being associated with or formerly associated with the System and Marks; comply with any other post-termination requirements in the Manuals; and if there is a Transfer, comply with additional obligations (see (r) below).                                                 |
| j. Assignment of contract by franchisor                | Section 9.1                    | No restriction on our right to assign.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| <b>PROVISION</b>                                                          | <b>SECTION IN<br/>FRANCHISE<br/>AGREEMENT</b> | <b>SUMMARY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| k. “Transfer” by franchisee—definition                                    | Section 9.2                                   | Includes transfer of rights under Franchise Agreement, transfer of your Franchised Business or its assets, and transfer of Equity Interest in you.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| l. Franchisor approval of transfer by franchisee                          | Section 9.2                                   | Any transfer of more than 5% Equity Interest requires our approval prior; new franchisees must meet our eligibility criteria; any assignment or transfer subject to conditions identified; any Transfer over 10% also requires the payment of a Transfer Fee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| m. Conditions for franchisor approval of transfer                         | Section 9.2                                   | You must give us prior written notice describing the terms of the transfer at least 60 days in advance of the proposed Transfer; you must be in good standing; the sale and purchase agreement between the parties must not damage the goodwill of the System, proposed transferee must meet our standards; you and your principals must sign a general release of us; proposed transferee obtained all requisite licenses and consents; proposed transferee must sign the then-current form of Franchise Agreement and guaranty; proposed transferee must expressly assume your obligations under the Franchise Agreement in writing; pay a transfer fee of \$5,000; the proposed transferee or the individual designated by the proposed transferee to manage the day-to-day operations of the Franchised Business must satisfactorily complete the Integration Program; either you or the transferee have agreed to implement any modernization requirements |
| n. Franchisor’s right of first refusal to acquire your business           | Section 9.3                                   | We can match any offer for a proposed Transfer subject to the process and conditions stated in this Section of the Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| o. Franchisor’s option to purchase your business                          | None                                          | Our only option to purchase the Franchised Business is through a right of first refusal. See (n) above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| p. Death or disability of franchisee                                      | Section 9.4                                   | Within 6 months after death or proven disability, heirs or legal representatives may take over or assign to a third party the interest of the disabled or deceased person, subject to the transferee’s satisfaction of the prerequisites for approving other assignees, as described in (m) above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| q. Non-competition covenants during the term of the franchise             | Section 11.9                                  | During the Term, you and your Owners and their family members (who live in the same household) may not divert business from the Franchised Business. Nor shall such persons be involved in a Competitive Business, defined as any business where five percent (5%) or more of its sales include services similar to that offered by the Franchised Business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| r. Non-competition covenants after the franchise is terminated or expires | Section 11.9                                  | For 6 months from a Transfer, you and your Owners cannot be involved in a Competitive Business at any location within 25 miles of your franchise Locations or within any other JPAR Business, whether a franchisee location or our, or our affiliate’s, corporate locations. For 6 months, you cannot solicit or service current customers of any franchisee or receive any business from a referral source or marketing contact generated from goodwill of the Marks.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

| <b>PROVISION</b>                 | <b>SECTION IN<br/>FRANCHISE<br/>AGREEMENT</b>              | <b>SUMMARY</b>                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| s. Modification of the agreement | Section 4.10, 6.2.2, 6.3.2, 7.7.7, 8.2, 11.9.5, 13.3, 13.5 | Generally, no modifications except in writing signed by both parties; we have the right to increase fees as stated in the Agreement; the System and the Manuals are subject to change; a court may also modify an unenforceable provision to the extent necessary to make it enforceable.                                                                                                                            |
| t. Integration/merger clause     | Section 13.5                                               | Only the terms of the Franchise Agreement and any addendum are binding. Any representations or promises outside of the Disclosure Document and the Franchise Agreement may not be enforceable (subject to applicable state law). Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute resolution            | Section 12                                                 | Most disputes between the parties shall first be submitted to mediation; waiver of jury trial; recovery limited to liquidated damages or actual damages sustained. (subject to applicable state law).                                                                                                                                                                                                                |
| v. Choice of forum               | Section 12.2                                               | Texas in the county in which our principal place of business is located, which is currently Collin County, Texas (subject to applicable state law)                                                                                                                                                                                                                                                                   |
| w. Choice of law                 | Section 12.1                                               | Texas law applies, except the Lanham Act shall also apply to provisions concerning trademarks, trade names, service marks, slogans, copyrights, designs, emblems, logos, trade dress, trade secrets and commercial symbols. (subject to applicable state law)                                                                                                                                                        |

## **ITEM 18**

### **PUBLIC FIGURES**

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

**[Remainder of Page Intentionally Blank]**

## ITEM 19

### **FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The following representations relate to the JPAR® franchised outlets with opening dates since January 1, 2019. The outlets include JPAR® franchise outlets in various states with offices ranging in size from 1 to 314 agents. The representations include three separate sections, with charts or graphs exhibiting information concerning:

Section 1: Average and Median of: (1) percent change in the number of agents; and (2) total number of agents; measured per office from opening through up to the third year of operations.

Section 2: 202~~32~~ Average and Median of agent fees collected by franchisees, measured: (1) per transaction; and (2) annually per agent.

Section 3: 202~~32~~ Fee Types as an Average and Median percentage of total fees collected.

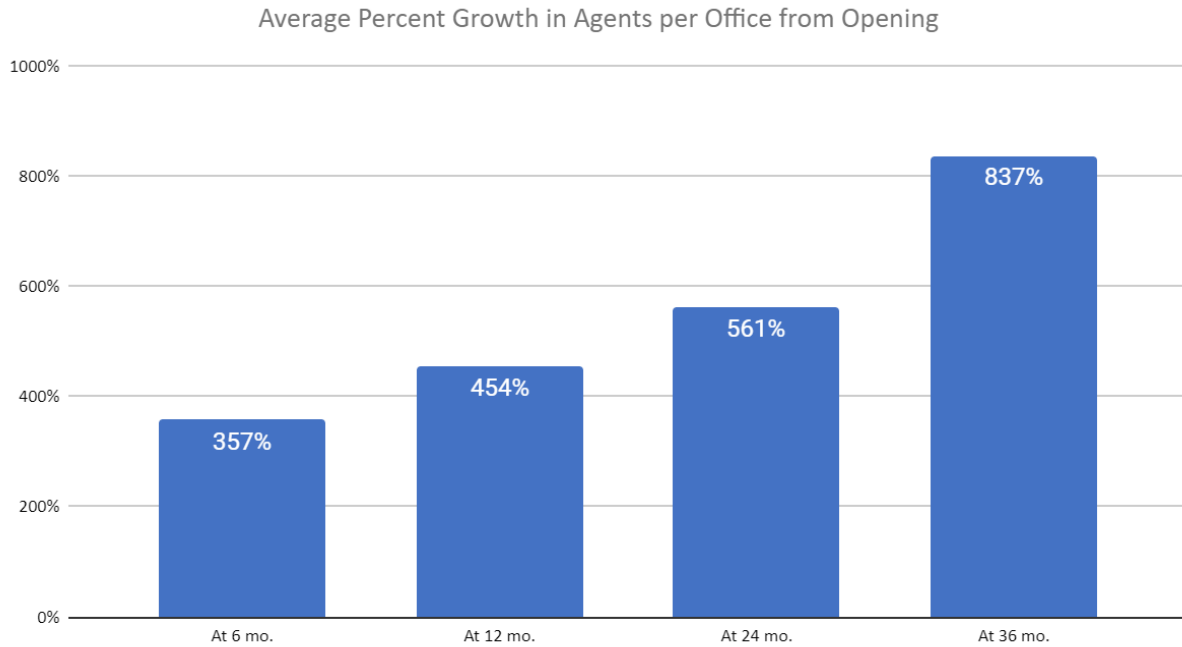
This information was compiled using reports from the franchise system's software. See the notes following the charts and graphs and following the financial performance representation for additional information.

#### **SECTION 1** **AVERAGE AND MEDIAN PERCENT CHANGE IN AGENTS AND NUMBER OF AGENTS PER OFFICE FROM OPENING**

The following charts state the average percent change in the number of agents per office (Figure 1) and the total number of agents per office (Figure 2) for certain periods measured from the opening date of the office, up to the third year of operations. The charts show information measured from the date of opening through the following periods after opening: (1) 6 months; (2) 12 months; (3) 2 years; and (4) 3 years. The data set includes all franchised offices with opening dates from January 1, 2019 that had at least 6 months, 12 months, 2 years, and 3 years of operations and were active as of January 1, 2024~~March 1, 2023~~. Not all offices were opened for the entire 3-year reporting period. This information was compiled using reports from the franchise system's software. A total of 38 franchised offices are included in the Figure 1 ~~this~~ financial performance representation. 1 franchised outlet was excluded because they did not report sufficient data or the

relevant information was not reported in a consistent manner. See the notes following the table for additional information.

**FIGURE 1**

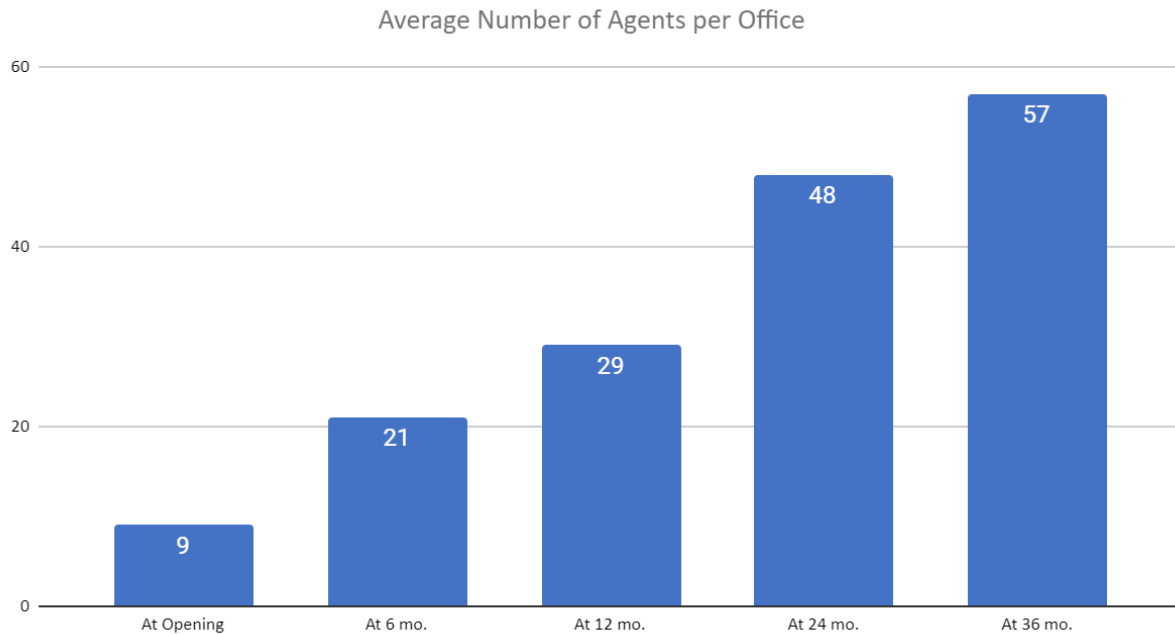


**Note 1.** The “Average” is a calculation of the sum of the change percentages for all offices divided by the total number of offices included in the data set. The “Median” is the office with a change percentage at the center of all data points used in the range of all office percentages included in the data set. The following table shows: (1) the number of offices in each period subset, (2) the average percent change for the period; (3) the median percent change for the period; (4) the number and percentage of offices within the subset that met or surpassed the stated average; (4) the number and percentage of offices within the subset within the subset that met or surpassed the stated median; (6) the highest percent change for each period; and (7) the lowest percent change for each period.

| Percent Change in Agents per Office from Opening |         |         |             |        |             |       |     |
|--------------------------------------------------|---------|---------|-------------|--------|-------------|-------|-----|
| Period                                           | Offices | Average | at or above | Median | at or above | High  | Low |
| 6 mo.                                            | 38      | 357%    | 6 (16%)     | 129%   | 19 (50%)    | 6300% | 0%  |
| 12 mo.                                           | 35      | 454%    | 9 (26%)     | 250%   | 18 (51%)    | 5800% | 11% |
| 24 mo.                                           | 29      | 561%    | 13 (45%)    | 472%   | 15 (52%)    | 1833% | 14% |
| 36 mo.                                           | 23      | 837%    | 7 (30%)     | 625%   | 13 (57%)    | 4100% | 0%  |

**FIGURE 2**

A total of 47 franchised offices are included in this Figure 2 financial performance representation. 1 franchised outlet was excluded because they did not report sufficient data or the relevant information was not reported in a consistent manner. See the notes following the table for additional information.



**Note 1.** The “Average” is a calculation of the sum of the average number of agents for all offices divided by the total number of offices included in the data set. The “Median” is the office with a number of agents at the center of all data points used in the range of all offices included in the data set. The following table shows: (1) the number of offices in each period subset, (2) the average number of agents for the period; (3) the median number of agents for the period; (4) the number and percentage of offices within the subset that met or surpassed the stated average; (4) the number and percentage of offices within the subset within the subset that met or surpassed the stated median; (6) the highest number of agents for each period; and (7) the lowest number of agents for each period.

| Number of Agents per Office from Opening |         |         |             |        |             |      |     |
|------------------------------------------|---------|---------|-------------|--------|-------------|------|-----|
| Period                                   | Offices | Average | at or above | Median | at or above | High | Low |
| At Start                                 | 47      | 9       | 11 (23%)    | 4      | 24 (51%)    | 137  | 1   |
| 6 mo.                                    | 42      | 21      | 13 (31%)    | 14     | 21 (50%)    | 162  | 1   |
| 12 mo.                                   | 36      | 29      | 11 (31%)    | 20     | 18 (50%)    | 161  | 1   |
| 24 mo.                                   | 29      | 48      | 10 (34%)    | 30     | 16 (55%)    | 269  | 10  |
| 36 mo.                                   | 23      | 57      | 8 (35%)     | 36     | 12 (52%)    | 336  | 6   |

**Note.** The data in the representation above reflects only percentage change and number of agents information. It does not include any revenue information or profits or margins calculated by comparing gross revenue to expenses.

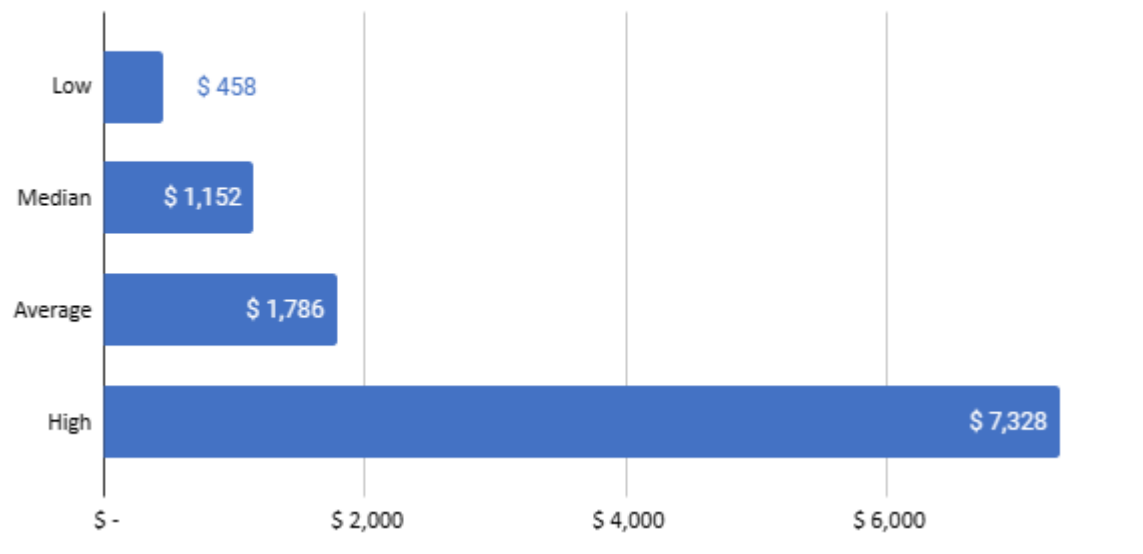
## **SECTION 2**

### **AVERAGE AND MEDIAN SUM OF FEES COLLECTED PER TRANSACTION AND PER AGENT BY FRANCHISEE**

The following charts state the average and median sum of fees collected per transaction (Figure 3) and per agent (Figure 4) for franchise outlets in the calendar year 2023<sup>32</sup>. The fees measured include all transaction fees, split fees, lead fees, consumer fees, and other fees withheld or collected by the franchised outlet on a single closed transaction side. Fees assessed on an annual basis that would be paid directly by agents to the franchised outlet and not withheld from a transaction such as annual dues or reimbursed MLS fees are not included. In some instances, franchised outlets collect fees and then pay a portion of those fees to an outside vendor such as Opicity for leads. The percentage of those fees that go an outside vendor vary. The annual total of fees collected per agent are calculated by taking the total of all fees collected during the year from closed transaction sides divided by the number of agents with any closed transaction side activity during the year. This information was compiled using reports from the franchise system's software which reflects all closed transactions handled by the relevant compliance and commission disbursement authorization teams. A total of 239<sup>30</sup> franchised outlets are included in this financial performance representation. 143<sup>31</sup> franchised outlets were excluded because they did not report sufficient data. See the notes following the table for additional information.

**FIGURE 3**

**Avg Fees Collected by Franchised Outlet per Transaction**

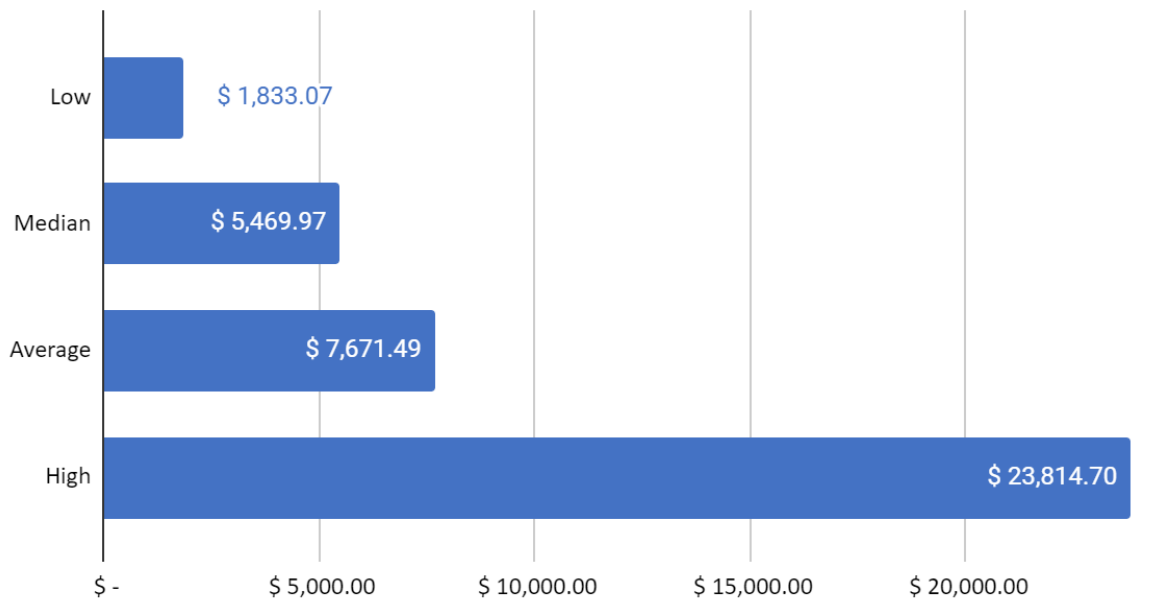


**Note 1.** The “Average” is a calculation of the total fees collected from closed transactions divided by the total number of agents included in the data set at each franchised outlet level. The “Median” is the annual agent fee value at the center of all data points used in the range of annual agent fee values for the transactions and agents included in the data set at each franchised outlet level. The following table shows: (1) the number of franchised outlets in the dataset, (2) the average fees collected per transaction; (3) the median fees collected per transaction; (4) the number and percentage of franchised outlets within the dataset that met or surpassed the stated average; (4) the number and percentage of franchised outlets within the dataset within the subset that met or surpassed the stated median; (6) the highest fees collected per transaction; and (7) the lowest fees collected per transaction.

| Average Fees Collected Per Transaction By Franchise |            |                   |                |                   |                 |                   |                 |
|-----------------------------------------------------|------------|-------------------|----------------|-------------------|-----------------|-------------------|-----------------|
|                                                     | Franchises | Average           | At or above    | Median            | At or above     | High              | Low             |
| Fees                                                | <u>23</u>  | <u>\$1,785.94</u> | <u>7 (29%)</u> | <u>\$1,152.25</u> | <u>12 (50%)</u> | <u>\$7,327.60</u> | <u>\$458.27</u> |

**FIGURE 4**

#### Avg Fees Collected Per Producing Agent Annually by Franchised Outlet



**Note 2.** The “Average” is a calculation of the total dollar amount of all fees collected from closed transactions annually divided by the total number of agents with any closed transaction side activity during the year at each franchised outlet level included in the data set. The “Median” is the annual agent fee value at the center of all data points used in the range of annual agent fee values for the transactions and agents included in the data set at each franchised outlet level. The average and median and the highest and lowest percent change for each period are as follows:

| Average Fees Collected Per Transaction By Franchise |            |                |                |                |                 |                 |                |
|-----------------------------------------------------|------------|----------------|----------------|----------------|-----------------|-----------------|----------------|
|                                                     | Franchises | Average        | At or above    | Median         | At or above     | High            | Low            |
| Fees                                                | <u>23</u>  | <u>\$7,671</u> | <u>7 (29%)</u> | <u>\$5,470</u> | <u>12 (50%)</u> | <u>\$23,815</u> | <u>\$1,833</u> |

**Note 3.** In matters where a franchisee serves as a dual agent or is involved in an intermediary or similar transaction, where permitted by law, each “side” would be considered a transaction for a total of 2 sides.

**Note 4.** The data in the above charts and tables reflects only fees per transaction and fees per agent information. It does not include total revenues or any standard operational expenses, including the \$1,500 to ~~\$4,375~~\$5,000 per Location ongoing monthly Brokerage In A Box Fees or the Transaction Fees of \$150 to ~~\$250~~\$250/per transaction ~~incurred after reaching a monthly Transaction Threshold~~ that you will be expected to pay as outlined in the Franchise Agreement depending on which program you select. It does not include any profits or margins calculated by comparing gross sales or revenues to expenses.

Primary factors that affect the various fees charged by JPAR® outlets, include: the size and type of the transaction; real estate market conditions; the legally permitted and prevailing rates in the state or market area in which the transaction occurs; and services offered.

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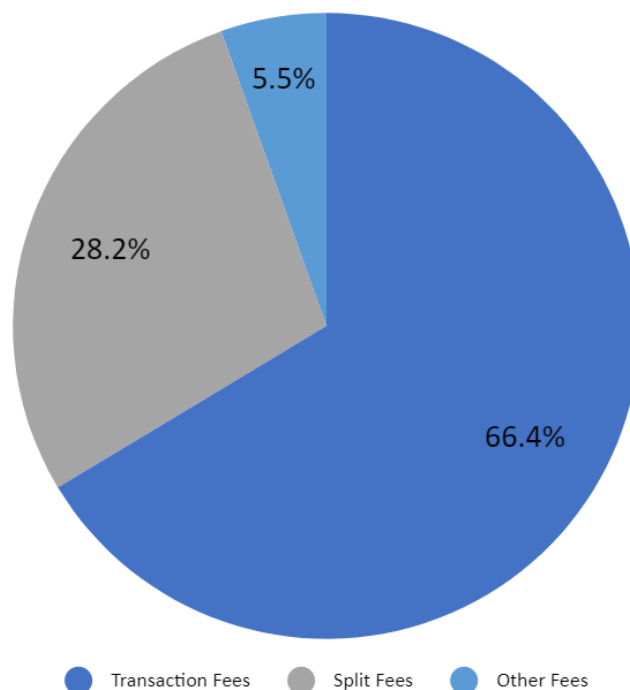
### SECTION 3

#### FEE TYPES AS AN AVERAGE AND MEDIAN PERCENTAGE OF TOTAL FEES

The following chart states the average percentage of total fees collected by category per franchised outlet for the April 1 through December 31, 2023~~2022~~ and extrapolated for a full calendar year because of a change in back-office software (Figure 5). The data set includes 20 franchised outlets that operated in the 2023 calendar year. 13 franchised outlets are excluded because they did not report sufficient information.

**FIGURE 5**

#### Average Percentage of Total Fees Collected by Category



**Note 1.** The “Average” is a calculation of the sum of percentage composition of a fee category of all franchised outlets divided by the total number of franchised outlets in the data set. The “Median” is the franchised outlet with a percentage at the center of all data points used in the range of all franchised outlets included in the data set for the specific fee. The following table shows: (1) the average percentage of total fees for each particular fee; (2) the median percentage of total fees for each particular fee; (3) the number and percentage of franchised outlets within the dataset that met or surpassed the stated average; (4) the number and percentage of franchised outlets within the dataset within the subset that met or surpassed the stated median; (6) the highest percentage of fees collected per fee type; and (7) the lowest percentage of fees collected per fee type.

**Note 2.** Transaction Fees mean the fees charged to the Agent per transaction, plus any consumer-billed fees such as doc fees, admin fees, etc. Split Fees are fees that are calculated as a percentage of gross commission for agents on teams ran by Franchisee owners or percentage splits for

programs such as mentorship or company generated leads where a percentage fee is assessed rather than a flat transaction fee. Other Fees means transaction coordination (TC) services, desk fees or other fees withheld from agent commissions at the time commission disbursement. This representation excludes fees charged directly to the agent, such as those fees assessed on an annual or periodic basis that were paid directly by agents to the Franchisee and not withheld from a transaction, such as annual dues or reimbursed MLS fees. Owing to a change in back-office software, we used 9 months of normalized data to calculate the fee breakdown percentages.

| <b>Percentage of Dollar Value of Total Fees Collected by Fee Types at Closing</b> |         |             |        |             |      |     |
|-----------------------------------------------------------------------------------|---------|-------------|--------|-------------|------|-----|
| Fee Type                                                                          | Average | At or above | Median | At or above | High | Low |
| Transaction Fees                                                                  | 66%     | 10 (50%)    | 64%    | 10 (50%)    | 100% | 16% |
| Split Fees                                                                        | 28%     | 10 (50%)    | 28%    | 10 (50%)    | 81%  | 0%  |
| Other Fees                                                                        | 5%      | 7 (35%)     | 2%     | 10 (50%)    | 25%  | 0%  |

**Note 3.** The data reflects only the average percentage of total annual fees information. It does not include any revenue information or profits or margins calculated by comparing gross revenue to expenses.

Written substantiation for the financial performance representation presented above will be made available to a prospective franchisee on reasonable request.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.**

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ITEM 20

**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1**  
**Systemwide Outlet Summary**  
**For Years 2021 to 2023**

| Col. 1          | Col. 2      | Col. 3                           | Col. 4                         | Col. 5     |
|-----------------|-------------|----------------------------------|--------------------------------|------------|
| Outlet Type     | Year        | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
| Franchised      | 2021        | 31                               | 36                             | +5         |
|                 | 2022        | 36                               | 43                             | +6         |
|                 | <u>2023</u> | <u>43</u>                        | <u>46</u>                      | <u>+3</u>  |
| Affiliate-Owned | 2021        | 25                               | 27                             | +2         |
|                 | 2022        | 27                               | 27                             | 0          |
|                 | <u>2023</u> | <u>27</u>                        | <u>29</u>                      | <u>+2</u>  |
| Total Outlets   | 2021        | 56                               | 63                             | +7         |
|                 | 2022        | 63                               | 70                             | +7         |
|                 | <u>2023</u> | <u>70</u>                        | <u>75</u>                      | <u>+5</u>  |

**TABLE NO. 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(other than the Franchisor)**  
**For Years 2021 to 2023**

| STATE   | YEAR        | NUMBER OF TRANSFERS |
|---------|-------------|---------------------|
| Alabama | 2021        | 0                   |
|         | 2022        | 2                   |
|         | <u>2023</u> | <u>0</u>            |
| Totals  | 2021        | 0                   |
|         | 2022        | 2                   |
|         | <u>2023</u> | <u>0</u>            |

**TABLE NO. 3**  
**Status of Franchised Outlets**  
**For Years 2021 to 2023**

| Col. 1  | Col. 2      | Col. 3                   | Col. 4         | Col. 5       | Col. 6       | Col. 7                   | Col. 8                          | Col. 9                 |
|---------|-------------|--------------------------|----------------|--------------|--------------|--------------------------|---------------------------------|------------------------|
| 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 | 2021        | 5                        | 0              | 0            | 0            | 0                        | 0                               | 5                      |
|         | 2022        | 5                        | 2              | 0            | 0            | 0                        | 0                               | 7                      |
|         | <u>2023</u> | <u>7</u>                 | <u>2</u>       | <u>5</u>     | <u>0</u>     | <u>0</u>                 | <u>0</u>                        | <u>4</u>               |

| Col. 1<br>State   | Col. 2<br>Year | Col. 3<br>Outlets at<br>Start of<br>Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Termi-<br>nations | Col. 6<br>Non-<br>Renewals | Col. 7<br>Reacquired by<br>Franchisor | Col. 8<br>Ceased<br>Operations<br>Other Reasons | Col. 9<br>Outlets at<br>End of<br>Year |
|-------------------|----------------|------------------------------------------|-----------------------------|-----------------------------|----------------------------|---------------------------------------|-------------------------------------------------|----------------------------------------|
| Arizona           | 2021           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | 2022           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | <u>2023</u>    | <u>1</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| <u>California</u> | <u>2021</u>    | <u>0</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>0</u>                               |
|                   | <u>2022</u>    | <u>0</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>0</u>                               |
|                   | <u>2023</u>    | <u>0</u>                                 | <u>2</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>2</u>                               |
| Colorado          | 2021           | 0                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | 2022           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | <u>2023</u>    | <u>1</u>                                 | <u>1</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>2</u>                               |
| Florida           | 2021           | 5                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 5                                      |
|                   | 2022           | 5                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 5                                      |
|                   | <u>2023</u>    | <u>5</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>1</u>                                        | <u>4</u>                               |
| Georgia           | 2021           | 1                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 2                                      |
|                   | 2022           | 2                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 2                                      |
|                   | <u>2023</u>    | <u>2</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>1</u>                                        | <u>1</u>                               |
| Idaho             | 2021           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | 2022           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | <u>2023</u>    | <u>1</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| Illinois          | 2021           | 0                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | 2022           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | <u>2023</u>    | <u>1</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| Indiana           | 2021           | 1                                        | 1                           | 1                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | 2022           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | <u>2023</u>    | <u>1</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| Kansas            | 2021           | 0                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | 2022           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | <u>2023</u>    | <u>1</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| Louisiana         | 2021           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | 2022           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | <u>2023</u>    | <u>1</u>                                 | <u>1</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>2</u>                               |
| Maryland          | 2021           | 3                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 3                                      |
|                   | 2022           | 3                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 4                                      |
|                   | <u>2023</u>    | <u>4</u>                                 | <u>1</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>5</u>                               |
| Michigan          | 2021           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | 2022           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | <u>2023</u>    | <u>1</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| <u>Nebraska</u>   | <u>2021</u>    | <u>0</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>0</u>                               |
|                   | <u>2022</u>    | <u>0</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>0</u>                               |
|                   | <u>2023</u>    | <u>0</u>                                 | <u>1</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| Nevada            | 2021           | 0                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | 2022           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                   | <u>2023</u>    | <u>1</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |

| Col. 1<br>State     | Col. 2<br>Year | Col. 3<br>Outlets at<br>Start of<br>Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Termi-<br>nations | Col. 6<br>Non-<br>Renewals | Col. 7<br>Reacquired by<br>Franchisor | Col. 8<br>Ceased<br>Operations<br>Other Reasons | Col. 9<br>Outlets at<br>End of<br>Year |
|---------------------|----------------|------------------------------------------|-----------------------------|-----------------------------|----------------------------|---------------------------------------|-------------------------------------------------|----------------------------------------|
| <u>New Mexico</u>   | <u>2021</u>    | <u>0</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>0</u>                               |
|                     | <u>2022</u>    | <u>0</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>0</u>                               |
|                     | <u>2023</u>    | <u>0</u>                                 | <u>1</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| North<br>Carolina   | 2021           | 4                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 4                                      |
|                     | 2022           | 4                                        | 1                           | 1                           | 0                          | 0                                     | 0                                               | 4                                      |
|                     | <u>2023</u>    | <u>4</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>2</u>                                        | <u>2</u>                               |
| Oklahoma            | 2021           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                     | 2022           | 1                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 2                                      |
|                     | <u>2023</u>    | <u>2</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>2</u>                               |
| Pennsylvania        | 2021           | 0                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 0                                      |
|                     | 2022           | 0                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                     | <u>2023</u>    | <u>1</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| <u>Rhode Island</u> | <u>2020</u>    | <u>0</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>0</u>                               |
|                     | <u>2022</u>    | <u>0</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>0</u>                               |
|                     | <u>2023</u>    | <u>0</u>                                 | <u>1</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| South<br>Carolina   | 2021           | 3                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 3                                      |
|                     | 2022           | 3                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 4                                      |
|                     | <u>2023</u>    | <u>4</u>                                 | <u>1</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>5</u>                               |
| Tennessee           | 2021           | 0                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                     | 2022           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                     | <u>2023</u>    | <u>1</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| Texas               | 2021           | 4                                        | 0                           | 1                           | 0                          | 1                                     | 0                                               | 2                                      |
|                     | 2022           | 2                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 3                                      |
|                     | <u>2023</u>    | <u>3</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>3</u>                               |
| Utah                | 2021           | 0                                        | 1                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                     | 2022           | 1                                        | 0                           | 0                           | 0                          | 0                                     | 0                                               | 1                                      |
|                     | <u>2023</u>    | <u>1</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| <u>Wyoming</u>      | <u>2021</u>    | <u>0</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>0</u>                               |
|                     | <u>2022</u>    | <u>0</u>                                 | <u>0</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>0</u>                               |
|                     | <u>2023</u>    | <u>0</u>                                 | <u>1</u>                    | <u>0</u>                    | <u>0</u>                   | <u>0</u>                              | <u>0</u>                                        | <u>1</u>                               |
| Total               | 2021           | 31                                       | 8                           | 2                           | 0                          | 1                                     | 0                                               | 36                                     |
|                     | 2022           | 36                                       | 8                           | 1                           | 0                          | 0                                     | 0                                               | 43                                     |
|                     | <u>2023</u>    | <u>43</u>                                | <u>12</u>                   | <u>5</u>                    | <u>0</u>                   | <u>0</u>                              | <u>2</u>                                        | <u>46</u>                              |

\* ~~Franchisee left the system before opening.~~

**TABLE NO. 4**  
**Status of Company-Owned Outlets**  
**For Years 2021 to 2023**

| Col. 1<br>State | Col. 2<br>Year | Col. 3<br>Outlets<br>at Start<br>of the<br>Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Outlets<br>Reacquired<br>From<br>Franchisee | Col. 6<br>Outlets<br>Closed | Col. 7<br>Outlets<br>Sold To<br>Franchisee | Col. 8<br>Outlets<br>at End of<br>the Year |
|-----------------|----------------|-------------------------------------------------|-----------------------------|-------------------------------------------------------|-----------------------------|--------------------------------------------|--------------------------------------------|
| Texas           | 2021           | 25                                              | 1                           | 1                                                     | 0                           | 0                                          | 27                                         |
|                 | 2022           | 27                                              | 2                           | 0                                                     | 2                           | 0                                          | 27                                         |
|                 | <u>2023</u>    | <u>27</u>                                       | <u>1</u>                    | <u>1</u>                                              | <u>0</u>                    | <u>0</u>                                   | <u>29</u>                                  |
| Totals U.S.     | 2021           | 25                                              | 1                           | 1                                                     | 0                           | 0                                          | 27                                         |
|                 | 2022           | 27                                              | 2                           | 0                                                     | 2                           | 0                                          | 27                                         |
|                 | <u>2023</u>    | <u>27</u>                                       | <u>1</u>                    | <u>1</u>                                              | <u>0</u>                    | <u>0</u>                                   | <u>29</u>                                  |

**TABLE NO. 5**  
**Projected Openings**  
**Through December 31, 2024**

| State           | Franchise<br>Agreements Signed<br>But Outlet Not<br>Opened | Projected New<br>Outlets in the Next<br>Fiscal Year | Company-Owned<br>Projected New<br>Outlets in the Next<br>Fiscal Year |
|-----------------|------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------|
| Florida         | <u>2</u>                                                   | <u>1</u>                                            | 0                                                                    |
| Kentucky        | <u>1</u>                                                   | <u>1</u>                                            | 0                                                                    |
| Maryland        | <u>3</u>                                                   | <u>2</u>                                            | 0                                                                    |
| Mississippi     | <u>1</u>                                                   | <u>0</u>                                            | 0                                                                    |
| Missouri        | <u>1</u>                                                   | <u>1</u>                                            | 0                                                                    |
| <u>New York</u> | <u>1</u>                                                   | <u>1</u>                                            | <u>0</u>                                                             |
| South Carolina  | <u>5</u>                                                   | <u>1</u>                                            | 0                                                                    |
| Virginia        | <u>1</u>                                                   | <u>1</u>                                            | 0                                                                    |
| <b>TOTAL</b>    | <u>15</u>                                                  | <u>8</u>                                            | 0                                                                    |

A list of names, addresses and phone numbers of franchisees as of our last fiscal year end is attached to this Franchise Disclosure Document as Exhibit D.

A list of franchisees who were terminated, canceled, or not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during our last fiscal year or who have not communicated with us within the 10 weeks of the issuance date of this Franchise Disclosure Document is attached to the Franchise Disclosure Document as Exhibit E.

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

We have franchisees that have signed confidentiality clauses with us within the last three fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with JPAR® - Real Estate. You may wish to speak with current and former franchisees but be aware that not all these franchisees will be able to communicate with you.

There are no independent trademark-specific franchisee organizations associated with the franchise system being offered that have asked to be included in this Disclosure Document.

## ITEM 21

### **FINANCIAL STATEMENTS**

Exhibit A contains our audited financial statements for calendar years ending December 31, ~~2020~~, 2021, ~~and 2022~~, and 2023. Our fiscal year end is December 31.

## ITEM 22

### **CONTRACTS**

The following agreements are attached to this Disclosure Document:

**Exhibit B: Franchise Agreement with the following Schedules:**

1. Data Sheet
2. Ownership
3. Personal Guaranty of Payment and Performance
4. Security Agreement
5. Rapid Expansion Program Amendment
6. Compliance Platform Agreement
- 5.7 Confirmation of Additional Terms and Representations Addendum

**Exhibit H: Multi-State Addendum**

**Exhibit I: New Entity Agreement**  
**Renewal and Release Agreement**  
**Transfer and Release Agreement**

**Exhibit J: Addendum to Add Additional Location**

## ITEM 23

### **RECEIPTS**

The Receipt of Final Form Franchise Agreement and the Receipt of Franchise Disclosure Document (one copy for you and one copy for us) are found at the end of the exhibits to this Franchise Disclosure Document.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**

JPAR FRANCHISING, LLC  
FINANCIAL STATEMENTS  
December 31, 2023 and 2022

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JPAR FRANCHISING, LLC

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## INDEPENDENT AUDITORS' REPORT

To the Member and Management  
Of JPAR Franchising, LLC

### Opinion

We have audited the accompanying financial statements of JPAR Franchising, LLC (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

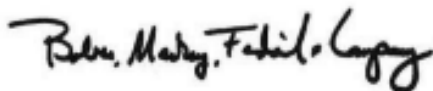
### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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



BOBER, MARKEY, FEDOROVICH & COMPANY  
Cleveland, Ohio

April 12, 2024

JPAR FRANCHISING, LLC  
BALANCE SHEETS  
December 31, 2023 and 2022

|                                                   | <u>2023</u>                | <u>2022</u>                |
|---------------------------------------------------|----------------------------|----------------------------|
| ASSETS                                            |                            |                            |
| CURRENT ASSETS                                    |                            |                            |
| Cash                                              | \$ 183,887                 | \$ 1,307,790               |
| Accounts receivable, net                          | 335,813                    | 150,100                    |
| Contract assets                                   | 162,174                    | 175,758                    |
| Related party receivables                         | 33,430                     | -                          |
| Prepaid expenses                                  | <u>16,055</u>              | <u>12,500</u>              |
| TOTAL CURRENT ASSETS                              | 731,359                    | 1,646,148                  |
| PROPERTY AND EQUIPMENT, NET                       | <u>1,952</u>               | <u>4,644</u>               |
| OTHER ASSETS                                      |                            |                            |
| Goodwill and intangible assets, net               | 1,605,008                  | 1,827,150                  |
| Contract assets, less current portion             | 159,344                    | 104,859                    |
| Related party receivables, net of current portion | <u>29,639</u>              | <u>-</u>                   |
| TOTAL OTHER ASSETS                                | <u>1,793,991</u>           | <u>1,932,009</u>           |
| TOTAL ASSETS                                      | <u><u>\$ 2,527,302</u></u> | <u><u>\$ 3,582,801</u></u> |

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

JPAR FRANCHISING, LLC  
BALANCE SHEETS  
December 31, 2023 and 2022

|                                       | <u>2023</u>         | <u>2022</u>         |
|---------------------------------------|---------------------|---------------------|
| LIABILITIES AND EQUITY                |                     |                     |
| CURRENT LIABILITIES                   |                     |                     |
| Accounts payable and accrued expenses | \$ 64,890           | \$ 138,223          |
| Related party payables                | 1,191,729           | 1,768,367           |
| Contract liabilities                  | 182,782             | 157,417             |
| Contingent purchase liability         | <u>583,685</u>      | <u>640,000</u>      |
| <br>TOTAL CURRENT LIABILITIES         | <br>2,023,086       | <br>2,704,007       |
| MEMBERS' EQUITY                       |                     |                     |
| Contributed capital                   | 1,600,000           | 1,600,000           |
| Accumulated deficit                   | <u>(1,095,784)</u>  | <u>(721,206)</u>    |
|                                       | <u>504,216</u>      | <u>878,794</u>      |
|                                       | <u>\$ 2,527,302</u> | <u>\$ 3,582,801</u> |

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

JPAR FRANCHISING, LLC  
 STATEMENTS OF OPERATIONS  
 For the years ended December 31, 2023 and 2022

|                                           | <u>2023</u>                | <u>2022</u>                |
|-------------------------------------------|----------------------------|----------------------------|
| REVENUE:                                  |                            |                            |
| Franchise fees                            | \$ 126,000                 | \$ 217,625                 |
| Royalty fees                              | 1,040,047                  | 1,025,500                  |
| Annual dues                               | 346,970                    | 265,271                    |
| Other                                     | <u>760,037</u>             | <u>744,712</u>             |
| NET REVENUES                              | 2,273,054                  | 2,253,108                  |
| OPERATING EXPENSES:                       |                            |                            |
| Payroll and benefits                      | 990,522                    | 1,096,353                  |
| Other general and administrative expenses | <u>1,657,110</u>           | <u>1,474,167</u>           |
| TOTAL OPERATING EXPENSES                  | <u>2,647,632</u>           | <u>2,570,520</u>           |
| NET LOSS                                  | <u><u>\$ (374,578)</u></u> | <u><u>\$ (317,412)</u></u> |

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

JPAR FRANCHISING, LLC  
STATEMENTS OF CHANGES IN MEMBER'S EQUITY  
For the years ended December 31, 2023 and 2022

|                              | Contributed<br>Capital | Member's<br>Deficit   | Total<br>Equity   |
|------------------------------|------------------------|-----------------------|-------------------|
| Balance at January 1, 2022   | \$ 1,600,000           | \$ (403,794)          | \$ 1,196,206      |
| Net loss                     | -                      | (317,412)             | (317,412)         |
| Balance at December 31, 2022 | \$ 1,600,000           | \$ (721,206)          | \$ 878,794        |
| Net loss                     | -                      | (374,578)             | (374,578)         |
| Balance at December 31, 2023 | <u>\$ 1,600,000</u>    | <u>\$ (1,095,784)</u> | <u>\$ 504,216</u> |

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

JPAR FRANCHISING, LLC  
STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2023 and 2022

|                                                                                              | 2023         | 2022         |
|----------------------------------------------------------------------------------------------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES                                                         |              |              |
| Net loss                                                                                     | \$ (374,578) | \$ (317,412) |
| Adjustments to reconcile net loss to net cash<br>(used in) provided by operating activities: |              |              |
| Depreciation and amortization                                                                | 224,834      | 250,200      |
| Changes in operating assets and liabilities:                                                 |              |              |
| Accounts receivable                                                                          | (185,713)    | (137,929)    |
| Prepaid expenses                                                                             | (3,555)      | (12,500)     |
| Contract assets                                                                              | (40,901)     | (98,143)     |
| Accounts payable and accrued expenses                                                        | (129,648)    | 104,953      |
| Related party payables                                                                       | (576,638)    | 995,107      |
| Contract liabilities                                                                         | 25,365       | 39,344       |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES                                          | (1,060,834)  | 823,620      |
| CASH FLOWS FROM INVESTING ACTIVITIES                                                         |              |              |
| Change in related party receivables                                                          | (63,069)     | -            |
| NET CASH USED IN FINANCING ACTIVITIES                                                        | (63,069)     | -            |
| NET CHANGE IN CASH                                                                           | (1,123,903)  | 823,620      |
| CASH, BEGINNING OF PERIOD                                                                    | 1,307,790    | 484,170      |
| CASH, END OF PERIOD                                                                          | \$ 183,887   | \$ 1,307,790 |

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

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

JPAR Franchising, LLC (the "Company") is a limited liability company, incorporated in Texas in 2018, that operates as an independently owned real estate brokerage franchisor headquartered in Frisco, Texas.

Use of Estimates

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

Cash

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2023 and 2022, the Company had no such investments. The Company maintains deposits primarily in two financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at amounts management expects to collect from outstanding balances. The Company recognizes an allowance for uncollectible accounts as the allowance for credit losses under ASC 326, if necessary. The allowance for uncollectible accounts is presented against trade accounts receivable on the balance sheets. Such allowance is based on the credit losses expected to arise over the life of the outstanding receivable (contractual term). The allowance for credit losses was \$84,787 and \$6,730 as of December 31, 2023 and 2022, respectively. Credit loss expense was \$ 194,945 and \$6,730 during the years ended December 31, 2023 and 2022, respectively.

Accounts receivable are written off when the Company determines that such balances are deemed uncollectible or based on regulatory requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the balance sheet date. Credit losses have been within management's expectations.

The Company pools its trade accounts receivable balances based on similar risk characteristics in estimating its expected credit losses such as customer size, the assessment of credit worthiness, the aging of receivables, historical information, current market conditions, and company or industry specific supportable forecasts. In situations where a customer does not share the same risk characteristics with other customers, the Company measures those customer balances individually. The Company also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

JP&R FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

Changes in customer risk profiles are adjusted through the current period statement of operations if necessary, under other general and administrative expenses.

Property and Equipment

Property and equipment are carried at cost. Depreciation is provided on the straight-line method over the asset's estimated service lives. Expenditures for maintenance and repairs are charged to expense in the period in which they are incurred, and betterments are capitalized. The costs of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the accompanying statement of operations of the respective period. The property and equipment consists of technology hardware and has estimated useful lives ranging from three to five years.

Long-Lived Assets

Intangible assets with finite useful lives, which consist primarily of franchise agreements and a non-compete agreement, are amortized over their estimated period of benefit. The Company amortizes capitalized intangibles as of the date of asset acquisition.

As of January 1, 2022, the Company elected the accounting alternative for private companies to amortize goodwill on a straight-line basis over a 10-year period. The election is applied prospectively. Accordingly, existing goodwill is amortized beginning in the year of adoption. The alternative is also applied to any goodwill acquired after adoption. The balance of goodwill, net of accumulated amortization of \$79,904 and \$39,952 at December 31, 2023 and 2022, respectively, is \$319,612 and \$359,564 at December 31, 2023 and 2022, respectively.

The Company evaluates impairment of long-lived assets, including property and equipment and intangible assets with finite lives, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. These events or circumstances would include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors. If the sum of the expected future undiscounted cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss for long-lived assets is based on discounted cash flows in determining the fair value of the impaired assets. Management believes that there were no such indicators of impairment at December 31, 2023 and 2022.

Revenue Recognition

Effective January 1, 2021, the Company adopted Accounting Standards Update 2021-02: Franchisors Applying FASB ASC 606 – Practical Expedient ("ASU 2021-02"). ASU 2021-02 provides a private company practical expedient related to the application of ASC 606 for initial franchise fees. Under ASU 2021-02, the pre-opening services provided to franchisees are permitted to be treated as a single performance obligation, and as a result are generally recognized as revenue when the franchise location opens.

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

*Initial Franchise Fee*

Concurrent with the execution of the Franchise Agreement, Franchisees pay an agreed upon Initial Franchise Fee ("IFF"). The fee is generally a one-time fee for each office opened by a Franchisee. The amount of the IFF may vary depending upon the market size where the Franchisee is located. IFFs are recognized at a point in time for the first location opened by a Franchisee. Distinct services are only performed upon the initial opening of a new franchise, therefore no performance obligations occur if any additional locations are opened under an existing Franchise. If a Franchise agreement includes opening multiple office locations, the Company allocates a portion of the overall IFF to the first location opened and the remaining IFF is recognized over the term of the contract. The Company had contract assets for IFFs received but not yet recognized of \$- and \$0 at December 31, 2023 and 2022, respectively.

*Minimum Monthly Royalty and Transaction Fee*

Franchisees are required to pay a minimum royalty fee each month, which is calculated as a minimum established number of transactions multiplied by the transaction fee. In addition to the minimum monthly royalty, Franchisees are required to pay a transaction fee in excess of the transactions calculated for the minimum monthly royalty. If, in any month, the franchisee does not complete the minimum transactions established, then only the minimum monthly royalty fee is due and no fee for excess transactions is due. These fees are recognized each month over the life of the contract. In cases where the Company offers a deferral of the payment of royalty fees to a future period, the Company recognizes royalty fees on a straight line basis over the life of the contract. The Company had no contract assets for royalty fees recognized but not yet received at December 31, 2023 and 2022.

*On-Boarding Fee*

The Franchisee pays the Company a set fee per each agent hired, payable on a monthly basis. On-boarding fees are recognized at the time the agent is hired and are included in other revenue in the accompanying statements of operations.

*Annual Dues*

On the anniversary date of each agent joining the Franchisee, the Franchisee is required to pay the Company a set amount per agent. The Company defers the annual dues revenue when billed and recognizes the revenue ratably over the 12-month period to which it relates. The Company had contract liabilities of \$182,782 and \$157,417, which related to annual dues collected but not yet recognized, at December 31, 2023 and 2022, respectively.

*Costs of Obtaining a Contract*

The incremental direct costs of obtaining a contract, which primarily consist of franchise sales commissions, are deferred and amortized over the estimated life of the contract. The Company has applied the practical expedient to account for commission costs and related amortization at the portfolio level. The Company classifies capitalized commission expense as current or non-current assets in the accompanying balance sheets based on the expected timing of recognizing expenses. The Company has related contract assets of \$184,597 and \$117,562 at December 31, 2023 and 2022, respectively.

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

*Contract Assets and Liabilities*

In addition to the contract assets and liabilities discussed above, the Company has contract assets of \$136,921 and \$163,055 related to December 2023 and 2022 revenues, respectively, earned but not billed until after year end.

*Timing of Revenue Recognition*

For the years ended December 31, 2023 and 2022, the Company recognized revenue of \$1,387,017 and \$1,290,771 from services that transfer to the customer over time and \$886,037 and \$962,337 from services that transfer to the customer at a point in time, respectively.

Income Taxes

The Company is organized as a single-member limited liability company and as such, is disregarded for federal income tax purposes. As a result, income or losses are taxable or deductible to the member rather than at the Company level; accordingly, no provision has been made for federal income taxes in the accompanying financial statements. In certain instances, the Company is subject to state taxes on income arising in or derived from the state tax jurisdictions in which it operates.

Tax Positions

Under the Income Taxes Topic of the FASB ASC, the Company is required to identify potential uncertain tax positions taken, assess and quantify those positions and record reserves. As of December 31, 2023 and 2022, the Company has identified no uncertain tax positions. The Company files informational and income tax returns in Federal, state and local jurisdictions within the United States.

Advertising

Advertising costs are expensed as incurred and are included in other general and administrative expenses in the accompanying statement of operations. Advertising expense for the year ended December 31, 2023 and 2022, was \$354,826 and \$327,615, respectively.

New Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, "Financial Instruments—Credit Losses: Measurement of Credit Losses on Financial Instruments (ASU 2016-13) (ASC Topic 326), which changes the impairment model for financial assets previously recognized at net amortizable cost. The new model uses a forward-looking expected loss method, which generally results in earlier recognition of allowances for losses, while also providing additional transparency about credit risk, management's use of qualitative and quantitative methods for estimating expected credit losses and current period estimate changes, through additional disclosure requirements. The Company adopted ASU 2016-13 on January 1, 2023. The adoption of this standard did not have a material impact on the financial statements and disclosures. Refer below to the "Allowance for Credit Losses" section for additional information.

Subsequent Events

The Company has evaluated subsequent events for potential recognition or disclosure through April 12, 2024, the date the financial statements were available to be issued.

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

NOTE 2 - RELATED PARTIES

Cairn JPAR Holdings, LLC, the parent Company, allocated a monthly share of expenses to the Company. For the year ended December 31, 2023 and 2022, Cairn JPAR Holdings, LLC allocated \$644,161 and \$734,636, respectively, of expenses to the Company.

The Company receives advances from related parties to help fund operations until the Company becomes profitable. The Company intends to repay all amounts as funds become available. As of December 31, 2023 and 2022, the Company has related party payables in the amount of \$1,191,729 and \$1,768,367 respectively. Cairn JPAR Holdings, LLC plans to fund the operations of the Company for the foreseeable future.

The Company issued promissory notes to several franchisees during 2023. These notes earn interest at rates between 5% - 8%, and mature at various times between January 2024 and July 2026. The balance of these related party receivables was \$63,069 as of December 31, 2023. Future minimum payments on related party notes receivable are as follows:

|      |    |               |
|------|----|---------------|
| 2024 | \$ | 33,430        |
| 2025 |    | 17,700        |
| 2026 |    | 11,939        |
|      | \$ | <u>63,069</u> |

NOTE 3 - SIGNIFICANT CUSTOMERS

As of December 31, 2023 and 2022, the Company has three franchisee accounts that made up substantially all of its accounts receivable balance. For the years ended December 31, 2023 and 2022, the Company has two franchisee accounts that made up approximately 22% and 26% of its revenues, respectively.

NOTE 4 - CONTINGENT PURCHASE LIABILITY

In connection with the acquisition of the Company by Cairn JPAR Holdings, LLC (parent company), the Company has recorded contingent purchase liability that will be paid at the end of the earn out period, as specified in the Securities Purchase Agreement. The contingent purchase liability is based on revenues earned by the Company during the 2 years after the acquisition date. Contingent purchase liability recorded by the Company totaling \$583,685 and \$640,000 as of December 31, 2023 and 2022, respectively, is expected to be paid out by the Company, as applicable revenue thresholds, as defined, have been met. Accordingly, the contingent purchase liability has been classified as a current liability on the accompanying balance sheets.

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023 and 2022

NOTE 5 - INTANGIBLE ASSETS

The Company has recorded customer related intangible assets in connection with the acquisition described in Note 4. The following is a summary of intangible assets at December 31, 2023 and 2022:

| December 31, 2023    |                     |                          |                       |
|----------------------|---------------------|--------------------------|-----------------------|
|                      | Carrying Value      | Accumulated Amortization | Net                   |
|                      |                     |                          | Estimated Useful Life |
| Customer Intangibles | \$ 1,821,903        | \$ 536,507               | \$ 1,285,396          |
|                      |                     |                          | 10 years              |
|                      | <u>\$ 1,821,903</u> | <u>\$ 536,507</u>        | <u>\$ 1,285,396</u>   |
| December 31, 2022    |                     |                          |                       |
|                      | Carrying Value      | Accumulated Amortization | Net                   |
|                      |                     |                          | Estimated Useful Life |
| Customer Intangibles | \$ 1,821,903        | \$ 354,317               | \$ 1,467,586          |
|                      |                     |                          | 10 years              |
|                      | <u>\$ 1,821,903</u> | <u>\$ 354,317</u>        | <u>\$ 1,467,586</u>   |

Estimated amortization expense for each of the five succeeding years and thereafter is as follows:

|            |                     |
|------------|---------------------|
| 2024       | \$ 182,190          |
| 2025       | 182,190             |
| 2026       | 182,190             |
| 2027       | 182,190             |
| 2028       | 182,190             |
| Thereafter | 374,446             |
|            | <u>\$ 1,285,396</u> |

JPAR FRANCHISING, LLC

FINANCIAL STATEMENTS

Year Ended December 31, 2022

Period from May 1, 2021  
through December 31, 2021  
(Successor)

Period from January 1, 2021  
through April 30, 2021  
(Predecessor)

JPAR FRANCHISING, LLC

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## INDEPENDENT AUDITORS' REPORT

To the Member and Management  
Of JPAR Franchising, LLC

### Opinion

We have audited the accompanying financial statements of JPAR Franchising, LLC (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in member's equity, and cash flows for the year ended December 31, 2022, and the periods from January 1, 2021 through April 30, 2021 (Predecessor) and May 1, 2021 through December 31, 2021 (Successor), and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JPAR Franchising, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year ended December 31, 2022, and the periods from January 1, 2021 through April 30, 2021 (Predecessor) and May 1, 2021 through December 31, 2021 (Successor) in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JPAR Franchising, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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 JPAR Franchising, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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



BOBER, MARKEY, FEDOROVICH & COMPANY  
Akron, Ohio

April 10, 2023

JPAR FRANCHISING, LLC  
BALANCE SHEETS  
December 31, 2022 and 2021

|                                       | <u>2022</u>         | <u>2021</u>         |
|---------------------------------------|---------------------|---------------------|
| ASSETS                                |                     |                     |
| CURRENT ASSETS                        |                     |                     |
| Cash                                  | \$ 1,307,790        | \$ 484,170          |
| Accounts receivable, net              | 150,100             | 12,171              |
| Contract assets                       | 175,758             | 150,770             |
| Prepaid Expenses                      | <u>12,500</u>       | <u>-</u>            |
| TOTAL CURRENT ASSETS                  | 1,646,148           | 647,111             |
| PROPERTY AND EQUIPMENT, NET           | <u>4,644</u>        | <u>7,336</u>        |
| OTHER ASSETS                          |                     |                     |
| Goodwill and intangible assets, net   | 1,827,150           | 2,074,658           |
| Contract assets, less current portion | <u>104,859</u>      | <u>31,704</u>       |
| TOTAL OTHER ASSETS                    | <u>1,932,009</u>    | <u>2,106,362</u>    |
| TOTAL ASSETS                          | <u>\$ 3,582,801</u> | <u>\$ 2,760,809</u> |

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

JPAR FRANCHISING, LLC  
BALANCE SHEETS  
December 31, 2022 and 2021

|                                       | <u>2022</u>         | <u>2021</u>         |
|---------------------------------------|---------------------|---------------------|
| LIABILITIES AND EQUITY                |                     |                     |
| CURRENT LIABILITIES                   |                     |                     |
| Accounts payable and accrued expenses | \$ 138,223          | \$ 33,270           |
| Related party payables                | 1,768,367           | 773,260             |
| Contract liabilities                  | 157,417             | 118,073             |
| Contingent purchase liability         | <u>640,000</u>      | <u>640,000</u>      |
| <br>TOTAL CURRENT LIABILITIES         | <br>2,704,007       | <br>1,564,603       |
| MEMBERS' EQUITY                       |                     |                     |
| Contributed capital                   | 1,600,000           | 1,600,000           |
| Accumulated deficit                   | <u>(721,206)</u>    | <u>(403,794)</u>    |
|                                       | <u>878,794</u>      | <u>1,196,206</u>    |
|                                       | <u>\$ 3,582,801</u> | <u>\$ 2,760,809</u> |

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

JPAR FRANCHISING, LLC  
 STATEMENTS OF OPERATIONS  
 For the year ended December 31, 2022  
 Period from May 1, 2021 through December 31, 2021 (Successor)  
 Period from January 1, 2021 through April 30, 2021 (Predecessor)

|                                                 |                                  | (Successor)                                        | (Predecessor)                                       |
|-------------------------------------------------|----------------------------------|----------------------------------------------------|-----------------------------------------------------|
|                                                 | Year ending<br>December 31, 2022 | Period from<br>May 1, 2021 to<br>December 31, 2021 | Period from<br>January 1, 2021 to<br>April 30, 2021 |
| REVENUE:                                        |                                  |                                                    |                                                     |
| Franchise fees                                  | \$ 217,625                       | \$ 45,000                                          | \$ 151,000                                          |
| Royalty fees                                    | 1,025,500                        | 598,750                                            | 299,500                                             |
| Annual dues                                     | 265,271                          | 87,081                                             | 68,834                                              |
| Other                                           | 744,712                          | 508,244                                            | 202,225                                             |
| NET REVENUES                                    | 2,253,108                        | 1,239,075                                          | 721,559                                             |
| OPERATING EXPENSES:                             |                                  |                                                    |                                                     |
| Payroll and benefits                            | 1,096,353                        | 853,471                                            | 318,086                                             |
| Other general and administrative expenses       | 1,474,167                        | 628,646                                            | 232,821                                             |
| TOTAL OPERATING EXPENSES                        | 2,570,520                        | 1,482,117                                          | 550,907                                             |
| (LOSS) INCOME FROM OPERATIONS                   | (317,412)                        | (243,042)                                          | 170,652                                             |
| OTHER INCOME (EXPENSE)                          |                                  |                                                    |                                                     |
| Forgiveness of Paycheck Protection Program loan | -                                | -                                                  | 289,100                                             |
| Acquisition related expenses                    | -                                | (160,752)                                          | (52,808)                                            |
| TOTAL OTHER INCOME (EXPENSE)                    | -                                | (160,752)                                          | 236,292                                             |
| NET (LOSS) INCOME                               | \$ (317,412)                     | \$ (403,794)                                       | \$ 406,944                                          |

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

JPAR FRANCHISING, LLC  
STATEMENTS OF CHANGES IN MEMBER'S EQUITY  
For the year ended December 31, 2022  
Period from May 1, 2021 through December 31, 2021 (Successor)  
Period from January 1, 2021 through April 30, 2021 (Predecessor)

|                                                | Contributed<br>Capital     | Member's<br>Deficit        | Total<br>Equity            |
|------------------------------------------------|----------------------------|----------------------------|----------------------------|
| <i>Predecessor</i>                             |                            |                            |                            |
| Balance at January 1, 2021                     | \$ -                       | \$ (1,321,898)             | \$ (1,321,898)             |
| Adoption of Accounting Standard Update 2021-02 | <u>-</u>                   | <u>204,566</u>             | <u>204,566</u>             |
| Balance as restated                            |                            | (1,117,332)                | (1,117,332)                |
| Net income                                     | <u></u>                    | <u>406,944</u>             | <u>406,944</u>             |
| Balance at April 30, 2021                      | <u><u>\$ -</u></u>         | <u><u>\$ (710,388)</u></u> | <u><u>\$ (710,388)</u></u> |
| <i>Successor</i>                               |                            |                            |                            |
| Initial contribution on May 1, 2021            | \$ 1,600,000               | \$ -                       | \$ 1,600,000               |
| Net loss                                       | <u>-</u>                   | <u>(403,794)</u>           | <u>(403,794)</u>           |
| Balance at December 31, 2021                   | 1,600,000                  | (403,794)                  | 1,196,206                  |
| Net loss                                       | <u>-</u>                   | <u>(317,412)</u>           | <u>(317,412)</u>           |
| Balance at December 31, 2022                   | <u><u>\$ 1,600,000</u></u> | <u><u>\$ (721,206)</u></u> | <u><u>\$ 878,794</u></u>   |

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

JPAR FRANCHISING, LLC  
STATEMENTS OF CASH FLOWS  
For the year ended December 31, 2022  
Period from May 1, 2021 through December 31, 2021 (Successor)  
Period from January 1, 2021 through April 30, 2021 (Predecessor)

|                                                                                                       |                     | (Successor)                                        | (Predecessor)                                       |
|-------------------------------------------------------------------------------------------------------|---------------------|----------------------------------------------------|-----------------------------------------------------|
|                                                                                                       | December 31, 2022   | Period from<br>May 1, 2021 to<br>December 31, 2021 | Period from<br>January 1, 2021 to<br>April 30, 2021 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                           |                     |                                                    |                                                     |
| Net (loss) income                                                                                     | \$ (317,412)        | \$ (403,794)                                       | \$ 406,944                                          |
| Adjustments to reconcile net (loss) income to net cash provided<br>by (used in) operating activities: |                     |                                                    |                                                     |
| Depreciation and amortization                                                                         | 250,200             | 166,082                                            | -                                                   |
| Forgiveness of paycheck protection program loan                                                       | -                   | -                                                  | (289,100)                                           |
| Changes in operating assets and liabilities:                                                          |                     |                                                    |                                                     |
| Accounts receivable                                                                                   | (137,929)           | 117,549                                            | (58,890)                                            |
| Prepaid expenses                                                                                      | (12,500)            | 29,700                                             | (29,700)                                            |
| Contract assets                                                                                       | (98,143)            | (148,224)                                          | 339,359                                             |
| Accounts payable and accrued expenses                                                                 | 104,953             | 6,014                                              | 18,434                                              |
| Related party payables                                                                                | 995,107             | 559,758                                            | (342,544)                                           |
| Contract liabilities                                                                                  | 39,344              | 79,878                                             | 30,777                                              |
| Other long-term liabilities                                                                           | -                   | -                                                  | (117,500)                                           |
| <b>NET CASH PROVIDED BY (USED IN)<br/>OPERATING ACTIVITIES</b>                                        | <b>823,620</b>      | <b>406,963</b>                                     | <b>(42,220)</b>                                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                           |                     |                                                    |                                                     |
| Payments for the purchase of property and equipment                                                   | -                   | (8,076)                                            | -                                                   |
| Collection of note receivable                                                                         | -                   | -                                                  | 90,000                                              |
| <b>NET CASH (USED IN) PROVIDED BY<br/>FINANCING ACTIVITIES</b>                                        | <b>-</b>            | <b>(8,076)</b>                                     | <b>90,000</b>                                       |
| <b>NET CHANGE IN CASH</b>                                                                             | <b>823,620</b>      | <b>398,887</b>                                     | <b>47,780</b>                                       |
| <b>CASH, BEGINNING OF PERIOD</b>                                                                      | <b>484,170</b>      | <b>85,283</b>                                      | <b>37,503</b>                                       |
| <b>CASH, END OF PERIOD</b>                                                                            | <b>\$ 1,307,790</b> | <b>\$ 484,170</b>                                  | <b>\$ 85,283</b>                                    |
| <b>SUPPLEMENTAL DISCLOSURE ON NON-CASH TRANSACTIONS</b>                                               |                     |                                                    |                                                     |
| Equity contribution                                                                                   | \$ -                | \$ 1,600,000                                       | \$ -                                                |
| Contingent consideration                                                                              | -                   | 640,000                                            | -                                                   |
| Total acquisition consideration pushed down from acquirer                                             | \$ -                | \$ 2,240,000                                       | \$ -                                                |

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

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

JPAR Franchising, LLC (the "Company") is a limited liability company, incorporated in Texas in 2018, that operates as an independently owned real estate brokerage franchisor headquartered in Frisco, Texas.

Effective May 1, 2021, the Company became wholly owned by Cairn JPAR Holdings, LLC as a result of an acquisition of the Company's parent. The acquirer pushed down the accounting basis to the Company by allocating acquisition consideration totaling \$2,240,000. Prior to April 30, 2021, the Company was wholly owned by Vesuvius Holdings, LLC.

The application of accounting for business combinations, and the establishment of a new basis of accounting necessitated by the acquisition, results in financial information subsequent to the acquisition being referred to as the Successor period; whereas financial information prior to the acquisition is captioned as the Predecessor period. The acquisition is more fully described in Note 4.

Use of Estimates

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

Cash

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2022 and 2021, the Company had no such investments. The Company maintains deposits primarily in two financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Accounts Receivable

Accounts receivable are stated at amounts management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was \$6,730 as of December 31, 2022 and 2021.

Property and Equipment

Property and equipment are carried at cost. Depreciation is provided on the straight-line method over the asset's estimated service lives. Expenditures for maintenance and repairs are charged to expense in the period in which they are incurred, and betterments are capitalized. The costs of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

accompanying statement of operations of the respective period. The property and equipment consists of technology hardware and has estimated useful lives ranging from three to five years.

Long-Lived Assets

Intangible assets with finite useful lives, which consist primarily of franchise agreements and a non-compete agreement, are amortized over their estimated period of benefit. The Company amortizes capitalized intangibles as of the date of asset acquisition.

As of January 1, 2022, the Company elected the accounting alternative for private companies to amortize goodwill on a straight-line basis over a 10-year period. The election is applied prospectively. Accordingly, existing goodwill is amortized beginning in the year of adoption. The alternative is also applied to any goodwill acquired after adoption. The balance of goodwill, net of accumulated amortization of \$39,952 at December 31, 2022, is \$359,564 and \$399,516 as of December 31, 2022 and 2021, respectively.

The Company evaluates impairment of long-lived assets, including property and equipment and intangible assets with finite lives, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. These events or circumstances would include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors. If the sum of the expected future undiscounted cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss for long-lived assets is based on discounted cash flows in determining the fair value of the impaired assets. Management believes that there were no such indicators of impairment at December 31, 2022 and 2021.

Revenue Recognition

Effective January 1, 2021, the Company adopted Accounting Standards Update 2021-02: Franchisors Applying FASB ASC 606 – Practical Expedient (“ASU 2021-02”). ASU 2021-02 provides a private company practical expedient related to the application of ASC 606 for initial franchise fees. Under ASU 2021-02, the pre-opening services provided to franchisees are permitted to be treated as a single performance obligation, and as a result are generally recognized as revenue when the franchise location opens.

*Initial Franchise Fee*

Concurrent with the execution of the Franchise Agreement, Franchisees pay an agreed upon Initial Franchise Fee (“IFF”). The fee is generally a one-time fee for each office opened by a Franchisee. The amount of the IFF may vary depending upon the market size where the Franchisee is located. IFFs are recognized at a point in time for the first location opened by a Franchisee. Distinct services are only performed upon the initial opening of a new franchise, therefore no performance obligations occur if any additional locations are opened under an existing Franchise. If a Franchise agreement includes opening multiple office locations, the Company allocates a portion of the overall IFF to the first location opened and the remaining IFF is recognized over the term of the contract. The Company had contract liabilities in the amount of \$-0- and \$22,500 for IFFs received, but not yet recognized at December 31, 2022 and 2021, respectively.

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

*Minimum Monthly Royalty and Transaction Fee*

Franchisees are required to pay a minimum royalty fee each month, which is calculated as a minimum established number of transactions multiplied by the transaction fee. In addition to the minimum monthly royalty, Franchisees are required to pay a transaction fee in excess of the transactions calculated for the minimum monthly royalty. If, in any month, the franchisee does not complete the minimum transactions established, then only the minimum monthly royalty fee is due and no fee for excess transactions is due. These fees are recognized each month over the life of the contract. In cases where the Company offers a deferral of the payment of royalty fees to a future period, the Company recognizes royalty fees on a straight line basis over the life of the contract. The Company had no contract assets for royalty fees recognized but not yet received at December 31, 2022 and 2021.

*On-Boarding Fee*

The Franchisee pays the Company a set fee per each agent hired, payable on a monthly basis. On-boarding fees are recognized at the time the agent is hired and are included in other revenue in the accompanying statements of operations.

*Annual Dues*

On the anniversary date of each agent joining the Franchisee, the Franchisee is required to pay the Company a set amount per agent. The Company defers the annual dues revenue when billed and recognizes the revenue ratably over the 12-month period to which it relates. The Company had contract liabilities of \$157,417 and \$95,573 which related to annual dues collected but not yet recognized at December 31, 2022 and 2021, respectively.

*Costs of Obtaining a Contract*

The incremental direct costs of obtaining a contract, which primarily consist of franchise sales commissions, are deferred and amortized over the estimated life of the contract. The Company has applied the practical expedient to account for commission costs and related amortization at the portfolio level. The Company classifies capitalized commission expense as current or non-current assets in the accompanying balance sheets based on the expected timing of recognizing expenses. The Company has related contract assets of \$117,562 and \$35,454 at December 31, 2022 and 2021, respectively.

*Contract Assets and Liabilities*

In addition to the contract assets and liabilities discussed above, the Company has contract assets of \$163,055 and \$147,020 related to December 2022 and 2021 revenues, respectively, earned but not billed until after year end.

*Timing of Revenue Recognition*

For the year ended December 31, 2022, the Company recognized revenue of \$1,290,771 from services that transfer to the customer over time and \$962,337 from services that transfer to the customer at a point in time. For the periods January 1, 2021 through April 30, 2021 (Predecessor) and May 1, 2021 through December 31, 2021 (Successor), the Company recognized revenue of \$368,334 and \$685,831 from services that transfer to the customer over time, and \$353,225 and \$553,244 from services that transfer to the customer at a point in time, respectively.

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

Income Taxes

The Company is organized as a single-member limited liability company and as such, is disregarded for federal income tax purposes. As a result, income or losses are taxable or deductible to the member rather than at the Company level; accordingly, no provision has been made for federal income taxes in the accompanying financial statements. In certain instances, the Company is subject to state taxes on income arising in or derived from the state tax jurisdictions in which it operates.

Tax Positions

Under the Income Taxes Topic of the FASB ASC, the Company is required to identify potential uncertain tax positions taken, assess and quantify those positions and record reserves. As of December 31, 2022 and 2021, the Company has identified no uncertain tax positions. The Company files informational and income tax returns in Federal, state and local jurisdictions within the United States.

Advertising

Advertising costs are expensed as incurred and are included in other general and administrative expenses in the accompanying statement of operations. Advertising expense for the year ended December 31, 2022, and the prior year combined (January 1, 2021 through April 30, 2021 (Predecessor) and May 1, 2021 through December 31, 2021 (Successor)) was \$327,615 and \$143,764, respectively.

Subsequent Events

The Company has evaluated subsequent events for potential recognition or disclosure through April 10, 2023, the date the financial statements were available to be issued.

NOTE 2 - RELATED PARTIES

Vesuvius Holdings, LLC, the parent to the Company through April 30, 2021, allocated a monthly share of expenses to the Company which included software subscriptions, marketing, and other office expenses. During the period from January 1 through April 30, 2021 (Predecessor), Vesuvius Holdings, LLC allocated \$210,100, of expenses to the Company.

Cairn JPAR Holdings, LLC, the parent to the Company subsequent to April 30, 2021, also allocated a monthly share of expenses to the Company. For the year ended December 31, 2022, and during the period from May 1, 2021 through December 31, 2021 (Successor) Cairn JPAR Holdings, LLC allocated \$734,636 and \$287,240, respectively, of expenses to the Company.

The Company receives advances from related parties to help fund operations until the Company becomes profitable. The Company intends to repay all amounts as funds become available. As of December 31, 2022 and 2021, the Company has related party payables in the amount of \$1,768,367 and \$773,260 respectively.

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

NOTE 3 - SIGNIFICANT CUSTOMERS

As of December 31, 2022 and 2021, the Company has three franchisee accounts that made up substantially all of its accounts receivable balance. For the year ended December 31, 2022, the Company has two franchisee accounts that made up approximately 26% of its revenues. For the period from May 1, 2021 through December 31, 2021 (Successor), January 1, 2021 through April 30, 2021 (Predecessor), the Company has two and three franchisee accounts that made up approximately 28% and 24% of its revenue balance, respectively. The loss of these franchisees could have a material adverse effect on the Company.

NOTE 4 - ACQUISITION OF JPAR FRANCHISING LLC

On April 30, 2021, pursuant to a Securities Purchase Agreement, Cairn JPAR Holdings, LLC acquired the membership interest in the Company from Vesuvius Holdings, LLC, which wholly owned JPAR Franchising, LLC along with other operating entities. As a result of the transaction, Cairn JPAR Holdings, LLC became the sole owner of the Company, including other operating entities, and a change of control occurred. JPAR Holdings, LLC elected to apply push-down accounting to the Company and has allocated \$2,240,000 of consideration to JPAR Franchising, LLC, of which \$640,000 is contingent purchase price.

The following represents the allocation of the purchase price to the fair value of assets acquired:

|                                         |                     |
|-----------------------------------------|---------------------|
| Cash                                    | \$ 85,283           |
| Accounts receivable and contract assets | 146,720             |
| Other assets                            | 46,950              |
| Accounts payable and accrued expenses   | (65,451)            |
| Related party payables                  | (213,502)           |
| Intangible assets                       | 2,240,000           |
| Total consideration                     | <u>\$ 2,240,000</u> |

The acquisition was funded as follows:

|                                            |                     |
|--------------------------------------------|---------------------|
| Allocation of cash paid by parent at close | \$ 1,600,000        |
| Allocation of contingent consideration     | 640,000             |
|                                            | <u>\$ 2,240,000</u> |

The Company incurred transaction expenses and employee bonuses of \$995,000 that were contingent to the occurrence of the acquisition. Such amounts are not reflected in the statements of operations and are reflected between the predecessor and successor periods.

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

Contingent consideration is based on the 2021 and 2022 revenue threshold of the entities acquired by JPAR Holdings, LLC. Recorded amounts are expected to be paid out by the Company, as applicable revenue thresholds, as defined by the Securities Purchase Agreement, have been met.

NOTE 5 - INTANGIBLE ASSETS

The Company has recorded customer related intangible assets in connection with the acquisition described in Note 4. The following is a summary of intangible assets at December 31, 2022 and 2021:

| December 31, 2022    |                       |                                 |                     |                              |
|----------------------|-----------------------|---------------------------------|---------------------|------------------------------|
|                      | <u>Carrying Value</u> | <u>Accumulated Amortization</u> | <u>Net</u>          | <u>Estimated Useful Life</u> |
| Customer Intangibles | \$ 1,821,903          | \$ 354,317                      | \$ 1,467,586        | 10 years                     |
|                      | <u>\$ 1,821,903</u>   | <u>\$ 354,317</u>               | <u>\$ 1,467,586</u> |                              |
| December 31, 2021    |                       |                                 |                     |                              |
|                      | <u>Carrying Value</u> | <u>Accumulated Amortization</u> | <u>Net</u>          | <u>Estimated Useful Life</u> |
| Customer Intangibles | \$ 1,821,903          | \$ 146,761                      | \$ 1,675,142        | 10 years                     |
|                      | <u>\$ 1,821,903</u>   | <u>\$ 146,761</u>               | <u>\$ 1,675,142</u> |                              |

Estimated amortization expense for each of the five succeeding years and thereafter is as follows:

|            |                     |
|------------|---------------------|
| 2023       | \$ 182,190          |
| 2024       | \$ 182,190          |
| 2025       | \$ 182,190          |
| 2026       | \$ 182,190          |
| 2027       | \$ 182,190          |
| Thereafter | 556,636             |
|            | <u>\$ 1,467,586</u> |

JPAR FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

NOTE 8 - PAYCHECK PROTECTION PROGRAM

The Company applied for, and received, funds from the Paycheck Protection Program of \$289,100 under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). These funds were received on April 7, 2020. During the period January 1 through April 30, 2021 (Predecessor), management concluded that full forgiveness of the loan was probable. As a result, forgiveness income of \$289,100 is included in other income in the statement of operations for the period January 1 through April 30, 2021 (Predecessor). The Company was granted forgiveness of the entire loan on June 16, 2021.

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



**JPAR FRANCHISING**  
**FRANCHISE AGREEMENT**  
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2. Ownership
3. Personal Guaranty of Payment and Performance
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5. Rapid Expansion Program Addendum
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**JPAR FRANCHISING LLC**  
**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made by and between JPAR Franchising LLC a Texas limited liability company (“**Franchisor**”), and Franchisee as identified on the Data Sheet (“**Data Sheet**”) attached as Schedule 1 (“**Franchisee**”) as of the Agreement Effective Date identified on the Data Sheet, with reference to the following facts:

A. Pursuant to a Trademark License Agreement dated March 1, 2018, between JP Piccinni Real Estate Services, LLC and Franchisor, Franchisor is licensed and authorized to use, and to license others to use, certain trademarks, trade names, service marks, designs, emblems, logos, graphics, slogans, and other indicia of origin including, but not limited to, the mark “**JPAR®**,” and “**JPAR® - Real Estate**,” and any and all revisions, modifications and additions thereto.

B. Franchisor has developed a System for the ownership and operation of a business that provides real estate brokerage and related services to residential home buyers and sellers and certain commercial clients using the Marks (the “**JPAR Business**”).

C. Franchisor offers four franchise programs, each with distinct fees, pricing, and contract term duration, as follows: (1) GROW~~Conventional~~ Program; (2) GROW~~Conventional~~ Program with Compliance Platform; (3) FLEX+JP~~AR~~ Program; and (4) FLEX+JP~~AR~~ Program with Compliance Platform.

D. Franchisor desires to grant, and Franchisee wishes to obtain, the right and license to operate an independently owned and operated JPAR Business (the “**Franchised Business**”) using the Marks, the Manuals and Confidential Information in strict accordance with the System pursuant to the franchise program identified on the Data Sheet from approved Locations described on the Data Sheet pursuant to the terms and conditions of this Franchise Agreement.

**NOW, THEREFORE, IT IS AGREED**

**1 DEFINED TERMS.** For purposes of this Agreement, the terms below have the following definitions:

**1.1 “Agent”** shall mean any agent or representative that is part of or affiliated with the Franchised Business, including without limitation any licensed real estate agent, REALTOR®, or similar professional or representative (which can include Franchisee and/or Owners), listing agent, buyer’s agent, buyer’s representative, lessor or lessee’s agent or representative and including any agents that serves as a dual agent.

**1.2 “Compliance Platform”** shall mean the compliance training, assistance, and services and commission distribution authorization functions that are part of our Compliance Platform Agreement found in Schedule ~~65~~ to this Agreement.

**1.3 “Default” or “default”** shall mean any breach of, or failure to comply with, any of the terms or conditions of an agreement between Franchisee and Franchisor including failure to comply with mandatory specifications in the Manuals.

**1.4 “Firm Name”** shall mean the “doing business as” name approved by Franchisor under which the Franchisee shall conduct the Franchised Business and shall be a combination of (a) those Service Marks set forth in the Manuals to be used in the Firm Name and (b) a name selected by Franchisee and approved by Franchisor. Franchisee’s approved Firm Name shall be identified on the Data Sheet.

**1.5** “**Gross Revenue**” includes the total revenues, receipts, money or things of value, calculated at their fair market value in United States currency, received or receivable (earned but not yet received), by Franchisee directly or indirectly, in connection with the Franchised Business including transactions and services that require a real estate or auctioneer’s license and/or in which Franchisee uses the Marks or the System in any manner. Gross Revenue will include all such revenue earned in compliance with all laws before the deduction of any fees, costs or expenses Franchisee incurs.

**1.6** “**Legal Entity**” shall mean any limited liability company, partnership, trust, association, corporation, or other entity that is not an individual.

**1.7** “**Manuals**” shall mean any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which Franchisor or its authorized representatives produce and that contain System Standards and recommendations for the Franchised Business, all of which Franchisor may change from time to time.

**1.8** “**Marks**” means the trademarks, trade names, service marks, designs, emblems, logos, graphics, slogans, copyrights, trade dress, trade secrets, commercial symbols and other indicia of origin including, but not limited to, any logo and the mark “**JPAR,**” “**JPAR® - REAL ESTATE,**” and any and all revisions, modifications and additions thereto, whether or not recorded or registered with the United States Patent and Trademark Office or any other local, state, federal or foreign agency, registrar or body.

**1.9** “**Owner**” means any person who, now or hereafter, directly owns an Equity Interest (as defined in Section 9.2.9(i)) or an indirect interest in Franchisee when Franchisee is a corporation, limited liability company, or a similar Legal Entity other than a partnership entity. If Franchisee is a partnership entity, then each general partner is an Owner, regardless of the percentage of ownership interest. If Franchisee is one or more individuals, each individual is an Owner. Franchisee’s Owner(s) are identified on Schedule 2. Every time there is a change in the persons who are Franchisee’s Owners, Franchisee must, notify Franchisor in accordance with Section 9 herein. As used in this Agreement, any reference to Owner includes all Owners.

**1.10** “**Reporting Period**” shall mean the monthly calendar period from the 1<sup>st</sup> of the month to the last day of the month (unless Franchisor designates otherwise) used to report Transactions as identified in Section 5.1.

**1.11** “**Real Estate Services**” shall mean those services authorized by Franchisor to be sold to consumers and businesses in connection with the Franchised Business and associated with the Marks, which shall include but not be limited to providing real estate brokerage services to residential and certain commercial clients. Franchisor reserves the right to update the list of Real Estate Services. Real Estate Services shall NOT mean those services identified in Real Estate Related Business at Section 7.3 herein.

**1.12** “**System**” shall mean Franchisor’s confidential and proprietary business systems, techniques, strategies, procedures, operations and formats for marketing, promoting, training, and operating the Franchised Business using the Marks as Franchisor may modify from time to time.

**1.13** “**System Standards**” shall mean specifications, standards, policies, and procedures required to operate the Franchised Business as memorialized in the Manual or otherwise in writing.

**1.14** “**Transaction.**” The term “Transaction” shall mean each “side” of a real estate transaction, including every sale or lease agreement in which the Franchisee participates. Franchisee may serve as listing agent, buyer’s agent, buyer’s representative, lessor or lessee’s agent or representative. In matters where the Franchisee serves as a dual agent, where permitted by law, each “side” would be considered a Transaction for a total of two (2) sides.

**1.15** “**Transfer**” shall mean any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee of any interest in this Agreement, in the Franchised Business, or its assets or of the ownership of Franchisee (if Franchisee is a corporation, partnership, limited liability company, or other Legal Entity) and as further identified in Section 9 herein.

**2 FRANCHISE APPOINTMENT.** The following provisions control with respect to the license granted hereunder:

**2.1 Grant of Franchise.**

**2.1.1** Franchisor hereby grants and Franchisee accepts a non-exclusive license to use the Marks and System under terms of the selected franchise program identified in the Data Sheet and to offer the Franchised Business only from the main, primary location (“**Primary Location**”) and other authorized Locations as identified on the Data Sheet or as thereafter added to this Agreement with , subject to the terms and conditions of this Agreement (the “**Franchise**”). The license contained herein is conditioned on Franchisee complying with System Standards.

1) There are four franchise programs: (1) ~~GROW~~Conventional Program; (2) ~~GROW~~Conventional Program with Compliance Platform; (3) ~~FLEX +JPAR~~ Program; and (4) ~~FLEX+JPAR~~ Program with Compliance Platform. Under each program, Franchisee may operate using the System in conjunction with the “JPAR® - Real Estate,” and/or “JPAR” names, service marks, and other trademarks OR, under the +JPAR model, where Franchisee operates using the System in conjunction with Franchisee’s own, independent names, marks, and brands and using the +JPAR name and branding and identify the Franchise using their primary brokerage names and then identify their affiliation with Franchisor and the franchise system with an identifier, such as “Local Brand Name +JPAR®”

- a) ~~GROW~~Conventional Program: franchisees operate a franchised brokerage using the System in conjunction with the Marks without access to our Compliance Platform and compliance assistance.
- b) ~~Conventional~~GROW Program with Compliance Platform: franchisees operate a franchised brokerage using the System in conjunction with the Marks. They also receive access to the Compliance Platform and assistance and must sign the Compliance Platform Agreement attached to this Agreement as Schedule 65 to receive training and assistance to implement certain compliance, file maintenance, and commission distribution authorization systems and functions.
- c) ~~FLEX +JPAR~~ Program: franchisees operate a franchised brokerage using the System without access to our Compliance Platform and compliance assistance in conjunction with their own, independent names, marks, and brands. ~~They identify their franchised business using their primary brokerage names and identify their affiliation with Franchisor and the JPAR® franchise system with an identifier, such as “Local Brand Name +JPAR”~~
- d) ~~FLEX+JPAR~~ Program with Compliance Platform: franchisees operate a franchised brokerage using the System ~~in conjunction with their own, independent names, marks, and brands as outlined in the +JPAR Program,~~

~~above~~. They also receive access to the Compliance Platform and assistance and sign the Compliance Platform Agreement attached to this Agreement as Schedule ~~65~~ to receive training and assistance to implement certain compliance, file maintenance, and commission distribution authorization systems and functions

\* If Franchisee enlists in a franchise program that includes the Compliance Platform, Franchisor can require Franchisee to switch out of the Compliance Platform (to the GROW Conventional Program or FLEX+JPAR Program without compliance) if Franchisor determines that Franchisor cannot manage Franchisee's compliance programs and commission distribution authorization functions such as owing to local circumstances or state MLS limitations.

2) Additional Locations. Franchisee may seek approval from Franchisor to open additional offices as locations to conduct the Franchised Business after the Effective Date of this Agreement ("**Additional Locations**") or an 'Expansion Office' location as defined in and pursuant to the Schedule 5 'Rapid Expansion Program' addendum ~~or an administrative office, subdivision sales office, an information kiosk, or a remote office ("Restricted Purpose Location")~~ (collectively, the Primary Location, Additional Locations and Expansion Office ~~Restricted Purpose Location~~ shall be called "**Locations**"), provided Franchisee is not in Default of any of its obligations under this Agreement or otherwise not in good standing as determined by compliance with System Standards as identified in the Manuals. Additional Locations or ~~Restricted Purpose~~Rapid Expansion Locations may be approved by Franchisor in its sole and absolute discretion in accordance with this Agreement and the Manuals.

a) Franchisee acknowledges that Franchisor has granted and will in the future operate and/or grant other licenses and franchises for real estate brokerage businesses and acknowledges that there is no assurance of any kind that any Additional Location or Expansion Office~~Restricted Purpose~~Rapid Expansion Location will be available or approved.

b) If Franchisee desires to open an Additional Location, it shall first submit to Franchisor a written request for approval of each proposed Additional Location containing such information as requested by Franchisor. Within thirty (30) days after receiving such request, Franchisor shall approve or disapprove such Additional Location. If Franchisor does not approve the request within thirty (30) days, the Additional Location shall be deemed denied. If Franchisor approves an Additional Location, Franchisee shall pay the required Initial Franchise Fee specified on the Data Sheet, execute Franchisor's then-current franchise agreement or other documentation as Franchisor may require, and extend the Term of all existing Locations to run co-terminus with the approved Additional Location.

c) Franchisee acknowledges that as of the Effective Date of this Agreement, Franchisor and Franchisee have not had any discussion regarding possible Additional Locations, except as set forth in writing in the Confirmation of Additional Terms and Representations Addendum in connection with this Agreement.

3) No Representation of Profitability. Franchisor's selection or acceptance of Franchisee's Locations shall not be construed to insure or guaranty profitable operation of the Franchised Business by Franchisee or any specific amount of Gross Revenue from the Franchised Business. Franchisor makes no warranty, ~~representation~~representation, or guaranty

of any kind with respect to the success, Gross Revenues or profitability of the Franchised Business. Franchisee acknowledges and agrees that the Gross Revenue of the Franchised Business can vary significantly, based on a variety of factors such as increased competition, Franchisee's individual effort, different product offerings, changes in population or demographics, and location, among others, and that Franchisor shall have no responsibility related thereto.

4) Closure/Relocation of a Location. If Franchisee desires to close or relocate a Location, it must first request and obtain Franchisor's written consent. The following procedures identify the means for Franchisee to apply for Franchisor's consent:

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

b) Within thirty (30) days after receiving Franchisee's request, Franchisor shall either approve or disapprove in writing such closure or relocation in its sole discretion. If Franchisor does not approve the request within thirty (30) days, the request shall be deemed not approved. In the event of disapproval of a relocation, Franchisee may request an alternative proposed new location pursuant to the provisions of this paragraph.

c) If Franchisor consents to the closing of a Location and, in connection therewith, Franchisee is thereafter permitted to open an Additional Location, then Franchisor shall waive the Initial Franchise Fee associated with the newly approved Location provided that the Initial Franchise Fee for the closed Location had not been waived and had been paid in full by Franchisee.

**2.1.2** Nothing contained herein shall grant Franchisee any right, title or interest in or to the Marks, the System, operational techniques, service concepts, proprietary information or goodwill of Franchisor, except to the extent that the right to use such assets has been specifically incorporated into the conditional license granted hereunder.

**2.1.3** In consideration of Franchisor's agreement to grant the franchise, Franchisee shall at all times comply with System Standards and use its best efforts to promote and increase the sales and service of the Franchised Business and promote the System overall and to affect the widest and best possible distribution and services associated with the Franchised Business. Under no circumstances shall Franchisee sublicense, sublease, subcontract or enter any management agreement for the right to operate a JPAR Business or to use the System.

**2.1.4** As further detailed in the Manuals, every advertisement of services must indicate that the Franchisee is an "Independently Owned and Operated Franchise" and "Not All Services Available at Every Location."

**2.2** Commencement of Operations. Franchisee agrees to commence operations for the Franchised Business no later than the "**Open Date**" identified on the Data Sheet or otherwise outlined in an addendum to this Agreement, such as pursuant to a development schedule. The parties acknowledge and agree that the Open Date for a Franchised Business that is subject to a state-imposed financial condition, such as a fee deferral, means that

Franchisor has fulfilled its pre-opening obligations to Franchisee outlined in Sections 6.1 and 6.2, below, and the franchise is open for business such that Franchisee can process a transaction through the JPAR system. The Open Date is not dependent on the approval or opening of office space or a grand opening party or similar event. If no Open Date is identified, Franchisee must be operational within six (6) months of the Effective Date of this Agreement. Franchisee must receive Franchisor's written approval before commencing operations of the Franchised Business.

### **2.3 Non-exclusivity; Franchisor's Reservation of Rights.**

**2.3.1** The license granted herein is limited to the right to develop, operate, and market the Franchised Business at the Location(s) subject to Franchisee remaining in compliance with this Agreement, System Standards and the Manuals.

**2.3.2** FRANCHISEE UNDERSTANDS THAT NOTHING CONTAINED HEREIN SHALL BE DEEMED, EXPRESSLY OR BY IMPLICATION, TO GRANT FRANCHISEE ANY TYPE OF EXCLUSIVE OR PROTECTED TERRITORY. Franchisor has no policy as to the proximity of franchise locations from each other and we reserve the right to establish other franchises that distribute similar products or services under the same or a different trademark, service mark, trade name, or logotype anywhere using our own sole discretion.

**2.3.3** Further, the license granted herein does not include:

- 1) Any right to sell products or services associated with or identified by the Marks at any location outside the Location(s);
- 2) Any right to sell products or services associated with or identified by the Marks through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce);
- 3) Any right to sell products or services other than the Real Estate Services associated with the Marks that are approved and designated by Franchisor;
- 4) Any right to exclude, control or impose conditions Franchisor or its affiliated entities to develop future franchised, company or affiliate-owned JPAR Businesses at any time or at any location regardless of the proximity to Franchisee's Location(s).

**2.3.4** Franchisor retains all rights that are not expressly granted to Franchisee under this Agreement. Franchisor will open, or authorize others to open, additional real estate brokerage office locations to which Franchisee has no right or interest. Franchisee agrees that such market development is an integral part of the marketing concept underlying Franchisor's business and the development of the System. Further, Franchisor may, among other things, on any terms and conditions that Franchisor deems advisable, without compensation to any franchisee, and without granting Franchisee any rights therein:

- 1) Own, acquire, establish, operate, license or authorize to itself, an affiliate or others the right to establish and operate a JPAR Business at any location other than at Franchisee's authorized Location(s). Nothing contained herein shall be deemed expressly or by implication to limit or control such right regardless of proximity to Franchisee's Location(s).
- 2) Own, acquire, establish, operate, license or authorize others to establish a separate commercial franchise system for commercial real estate brokerage services with the same or different Marks. If Franchisor elects to operate a separate franchise network for commercial real

estate brokerage, Franchisor will evaluate commercial and residential activities separately in the operation of the System, placement of offices, and granting of franchises. This may result in Franchisor granting separate residential and commercial franchises within the same geographic market area using the Marks.

3) Own, acquire, establish and/or operate, license or authorize itself, an affiliate or others to establish and operate businesses with the Marks, whether inside or outside of the Location, that:

a) Produce, license, distribute and market JPAR branded products, clothing, souvenirs, and novelty items through any outlet (regardless of its proximity to the Locations of the Franchised Business) including retail and department stores and through any distribution channel, at wholesale or retail, including by means of the Internet, mail order catalogs, direct mail advertising and other distribution methods; and

b) Include the acquisition, sale, financing and/or operation of improved or unimproved real property, and offering consumers and/or businesses, products and services in connection with such transactions. Franchisor reserves the right to engage in any activities for the purpose of attracting customers and business directly to Franchisor, Franchisor's parent, Cairn JPAR Holdings, LLC, and Franchisor's affiliate, JP Piccinini Real Estate Services, LLC and any present or future affiliates of either, and Franchisee further acknowledges that such activities may be competitive with Franchisee's real estate brokerage offices, by reason of location, marketing areas, potential customers or other factors.

c) Engage in any activities for the purpose of attracting customers and business directly to Franchisor, Franchisor's parent, Cairn JPAR Holdings, LLC, and Franchisor's affiliate, JP Piccinini Real Estate Services, LLC and any present or future affiliates, and Franchisee further acknowledges that such activities may be competitive with Franchisee's real estate brokerage offices, by reason of location, marketing areas, potential customers or other factors.

4) Own, acquire, establish operate, license or authorize others to establish and operate, businesses under other proprietary marks or other systems that:

a) Are competitive with the Franchised Business and the System, whether such businesses are the same, similar, or different from the Franchised Business, at any location, whether inside or outside of Location.

b) Own, acquire, establish and/or operate and grant others the right to develop, own, operate and issue franchises and licenses to others to develop, own and operate other methods and channels of distribution under different marks and branding or utilizing the Marks and the System, including, without limitation, toll-free telephone numbers, domain names, URLs, on-line computer networks and services, the Internet, kiosks, carts, concessions, satellite units, other mobile, remote, limited service or non-permanent facilities or other retail operations.

5) To exercise all rights and remedies to protect or enforce Franchisor's respective interests in the Marks and to use such Marks and other proprietary rights in its other business activities without limitation.

6) Franchisee acknowledges that there are numerous economic, demographic, competitive and other market factors that may change the character and extent of customer demand for the Franchised Business licensed hereunder. The economic effects of all the foregoing are understood by Franchisee to be elements of the business risk accepted by Franchisee in the operation of Real Estate Services under this Franchise Agreement. Franchisor shall not be liable to Franchisee for any damages or loss of sales or profits (if any) based on actual or anticipated adverse consequences to Franchisee that may result from Franchisor's continuing activities in the development of the System or other exercise of Franchisor's reserved rights.

7) Franchisee covenants, accepts and agrees that (a) Franchisor may exercise all such reserved rights without notice to Franchisee, and (b) Franchisee shall not take any action, including, without limitation, asserting any cause of action in a court of law or equity, which may interfere with the exercise of any rights of Franchisor.

**2.3.5** If at some point Franchisee is required to use Franchisor's affiliated entities (with common ownership) as an Approved Supplier, such affiliated entities may sell the same exact products or services to businesses that compete with the Franchised Business.

**2.3.6** Franchisor reserves the right to enter into cooperative agreements with particular service providers, which you must use, subject to law. These cooperation agreements will enable you to offer additional services to your clients. Any commission earned pursuant to any such cooperation agreements will be established at the time the relationship is established.

**2.3.7** Although under no obligation to do so, Franchisor may from time to time establish certain national accounts with companies ("National Accounts"). Participation for such National Accounts may require Franchisee to satisfy certain eligibility criteria. If Franchisee is eligible to service these National Accounts and is interested in doing so, Franchisee will be required to sign a separate National Account Service Agreement for each customer identifying the conditions under which Real Estate Services will be provided.

**2.4 Program Expansion and Modification.** Franchisor may modify existing services, programs and introduce new programs and services. Franchisor reserves the right to offer, add to, qualify, or eliminate programs and services as we deem necessary in the best interests of the System.

**2.5 Other Products and Services.** Franchisor may make available to Franchisee for purchase additional products and services to use at Franchisee's option. Any such products or services will have a separate fee and be governed by separate terms and conditions.

### **3 TERM**

**3.1 Initial Term.** The Initial Term shall be for the a period of ~~ten (10)~~ years as identified in Section 4 of the Data Sheet and measured from the ~~later of the~~ Agreement Effective Date ~~or the Open Date~~ ("Term"), unless sooner terminated in accordance with the provisions of this Agreement. The date on which the Term expires is referred to in this Agreement as the "Expiration Date."

**3.2 Renewal Term.** Franchisee shall have no option for a renewal or successive term or any other renewal rights as pertains to the Franchised Business. In the event Franchisor elects to offer Franchisee a renewal or successive term, Franchisee must sign Franchisor's then-current franchise agreement, which may contain terms and conditions materially different than this Franchise Agreement ("**Renewal Agreement**"). If Franchisor

chooses to offer Franchisee a Renewal Agreement based on its sole reasonable discretion, all of the following conditions must be fulfilled:

**3.2.1** Franchisee shall provide Franchisor with its notice of intent of its desire to be considered for a Renewal Agreement 180-days prior to the expiration of the Term (“Notice of Intent”).

**3.2.2** Franchisee shall pay Franchisor’s then-current ~~Five Thousand Dollars (\$5,000)~~ as a “Renewal Agreement Fee” at the time Franchisee executes the Successor Franchise Agreement in lieu of paying the Initial Franchise Fee depending on the program selected and contract term duration, currently as follows:-

| <b><u>Renewal Agreement Fee</u></b> |                                     |                                      |                                     |                                     |                                      |
|-------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|
|                                     | <u>GROW Program<br/>5 year Term</u> | <u>GROW Program<br/>10 year Term</u> | <u>FLEX Program<br/>3 year Term</u> | <u>FLEX Program<br/>6 Year Term</u> | <u>FLEX Program<br/>10 Year Term</u> |
| <u>Amount</u>                       | <u>\$12,500</u>                     | <u>\$5,000</u>                       | <u>\$4,750</u>                      | <u>\$7,500</u>                      | <u>\$5,000</u>                       |

**3.2.3** Franchisee has been throughout the Term, and at the expiration of the Term, still is, in full compliance with this Agreement, and all other agreements between Franchisee and Franchisor.

**3.2.4** At Franchisee’s sole expense, Franchisee or Franchisee’s manager may be required to attend marketing, operations and/or educational programs as determined by Franchisor in its sole discretion.

**3.2.5** Franchisee can demonstrate its participation and engagement in the JPAR franchise system to Franchisor’s satisfaction (e.g., marketing, operations, and educational programs; meetings/conferences) and has represented the JPAR brand in a professional and courteous manner.

**3.2.6** Franchisee has complied with any requirements regarding modernization or refurbishment of the Location(s) as may be necessary for the Franchised Business to conform to the standards then applicable to new JPAR franchises.

**3.2.7** Franchisee executes and delivers a general release of Franchisor, and its respective officers, shareholders, directors, employees, agents, representatives, and affiliates in a form acceptable to Franchisor.

**3.2.8** Franchisee shall sign and return to Franchisor any documents necessary for the Renewal Agreement within 20 days after Franchisor has delivered them to Franchisee, including a new franchise agreement in its then-current form.

**3.3 Waiver of Consideration for Renewal Agreement.** If Franchisee fails to perform any of the acts, or deliver the Notice of Intent required pursuant to the provisions of Section 3.2.1 above in a timely fashion, such failure shall (1) be deemed an election by Franchisee not to be considered for a Renewal Agreement, and (2) cause this Agreement to terminate at the end of Initial Term or Renewal Term, as the case may be and require Franchisee to comply with all post-termination obligations as otherwise contained in this Agreement.

**3.4 Holdover Period.** If Franchisee fails to enter into a Renewal Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at Franchisor's option, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating a franchise without the right to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Holdover Period**") until one party provides the other with written notice of such party's intent to terminate the Holdover Period, in which case the Holdover Period will terminate thirty (30) days after receipt of the notice to terminate the Holdover Period. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Holdover Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement will be deemed to take effect upon termination of the Holdover Period unless the Holdover Period ends with the parties' execution of a successor franchise agreement. Notwithstanding any Holdover Period, in all circumstances if Franchisee is operating without a valid currently in-effect Franchise Agreement, it shall be deemed to be in Default and Franchisor reserves all rights available thereto, including the availability of Suspension of Services at Section 5.2.9.

**3.5 Notice Required by Law.** If Applicable Franchise Law (as defined in Section 13.8 herein) requires Franchisor to give notice to Franchisee prior to the expiration of the Initial Term or Renewal Term, as the case may be, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such Applicable Franchise Law. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or disclosure document, or is not lawfully able to offer Franchisee its then-current form of franchise agreement, at the time Franchisee delivers its Notice of Intent, Franchisor may, in its discretion: (1) offer Franchisee a Renewal Agreement upon the same conditions set forth in Section 3.2 of this Agreement (as applicable); or (2) offer to extend the Initial Term or Renewal Term, as the case may be, on a month-to-month basis for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement or disclosure document.

## **4 FEES.**

**4.1 Initial Franchise Fee.** In consideration of the right, and franchise granted by this Agreement, Franchisee shall pay to Franchisor prior to or concurrently with Franchisee's execution of this Agreement the initial franchise fee identified on the Data Sheet (the "Initial Franchise Fee"). The Initial Franchise Fee shall be deemed fully earned by Franchisor upon Franchisor's execution of this Agreement. Such Initial Franchise Fee shall not be refundable, in whole or part, at any time or under any circumstances. The Initial Franchise Fee is in addition to the Brokerage In A Box Fee, Transaction Fees, Annual Dues, Agent Monthly Dues, Referral Fees, ~~and, if implemented, any~~ Marketing Fund Contribution~~s~~ and Agent Technology Fee (collectively for convenience called "**Periodic Fees**") payable pursuant to this Agreement and to any other fees or payments which Franchisee may incur or owe to Franchisor from time to time under this Agreement or any other agreements. This Initial Franchise Fee is not applicable to Renewal Agreements.

**4.1.1** For each Additional Location ~~or Restricted Purpose Location~~, Franchisee shall pay to Franchisor an Initial Franchise Fee equal to the fee identified on the Data Sheet.

**4.2 Brokerage In A Box Fee.** If Franchisee has selected the GROW Program as identified on the Data Sheet, then in addition to the Initial Franchise Fee and in further consideration of the rights and entitlements granted under this Agreement during the full term of this Agreement, or any Holdover Period, beginning on the Open Date of the Agreement, Franchisee must pay Franchisor a monthly fee per Location in the amount identified on the Data Sheet ("**Brokerage In A Box Fee**"). The amount of the Brokerage In A Box Fee is determined based on the program selected and the year of operation of the Franchise and the number of agents.

**4.3 Transaction Fees.** ~~In addition to the Brokerage In A Box Fee,~~ Franchisee will pay Franchisor the amount identified on the Data Sheet ("**Transaction Fees**") for each Transaction. If Franchisee has selected

the GROW Program as identified in the Data Sheet, then the Transaction Fees apply only to each Transaction beyond the Amount of Transactions identified in the Data Sheet (“Transaction Threshold”). The Transaction Threshold depends on the year of operation and the number of agents. If Franchisee has selected the FLEX Program as identified in the Data Sheet, then Franchisee shall pay the Transaction Fees on each Transaction without any Transaction Threshold. Franchisor’s current policy is to cap the Transaction Fee at 50 transactions per year for an individual Agent. If the Agent is a team leader, the cap is increased by 6 for every additional team member affiliated with the Agent, and the Agents of the team share the team leader’s cap. This cap resets every year on the Agent or team leader’s anniversary date. The cap is implemented in the form of a credit that will be applied to Franchisee’s account with Franchisor, upon Franchisee’s request and only applies to Transaction Fees that are assessed above the Transaction Threshold, if any. Franchisee will not be able to receive the credit for any Transactions completed below Franchisee’s office’s monthly Transaction Threshold. For greater clarity, a team of 10 would hit their cap at 105 sides (50 for the team lead and 6 sides per agent for the remaining 9 people on the ten-person team).

To receive the credit for an individual Agent cap, Franchisee must:

- 1) If Franchisee is in the GROW Program, have transacted more sales than Franchisee’s office’s monthly Transaction Threshold in a particular month,
- 2) have an Agent or team who completed more than the applicable number of transactions since their most recent anniversary date, and
- 3) send to Franchisor a request to apply the credit to Franchisee’s account within 90 days of the month in which the Agent capped and the office produced above the Transaction Threshold.

This policy is intended to make it easier to recruit and retain Agents at the local franchise level. Franchisor reserves the right to discontinue or adjust this policy and to define teams and additional criteria for qualifying Agents to prevent abuse of this policy.

**4.4** If Franchisee is in the GROW Program, oOn the date an Agent affiliates with the Franchised Business and each year thereafter (“**Agent Anniversary Date**”), Franchisee shall pay Franchisor annual dues in the amount identified in the Data Sheet per agent (“**Annual Dues**”). For Agents affiliated with the Franchised Business on the Effective Date of this Agreement, Franchisee shall pay the initial Annual Dues prior to Open Date. The Agent Anniversary Date for these Agents shall be the Effective Date of this Agreement.

If Franchisee is in the FLEX Program, Franchisee shall pay Franchisor monthly agent dues in the amount identified in the Data Sheet per agent (“**Agent Monthly Dues**”).

**4.5** **Referral Fee.** Franchisor reserves the right to assess a Referral Fee that is a percentage of the gross commission income from a closed Transaction if Franchisor provides a referral to you that results in a closed Transaction. This Referral Fee is not a “Transaction” for purposes of the Transaction Threshold. This Referral Fee may be paid to Franchisor, its affiliates or a third-party.

**4.6** **Late Payment Fee.** All delinquent payments of any sums due Franchisor shall bear interest from the date due until paid at the rate of 3% per month or the highest rate permitted by law for costs incurred when payments or reports are received late. For the avoidance of doubt, an additional 3% late fee will be assessed on each additional 30 days payment has not been received.

Any Initial Franchisee Fee that is deferred, such as pursuant to a financial condition required by a state regulatory authority, or due pursuant to an opening or development schedule that is not received within 15 days of the open date or due date are assessed a late fee of 5% of the balance in addition to the 3% per month late payment fee outlined in the paragraph above.

The provisions in this Section shall not constitute a waiver by Franchisor of any other remedies available to it for Franchisee's failure to make timely payments.

**4.7 Agent Technology Fee.** Franchisor reserves the right to assess a monthly agent technology fee ("Agent Technology Fee") upon ninety (90) days' notice based on the evolving technology needs of the System and the Franchised Business as determined in Franchisor's sole discretion using reasonable business judgment. The Agent Technology Fee will include costs incurred by Franchisor for technology development, maintenance, and usage. The tools, software and programs offered through the Agent Technology Fee are subject to change at Franchisor's sole discretion. If implemented, this fee will not exceed: (1) an amount equal to 10% of the then-current Transaction Fee outlined in Franchisor's then-current franchise disclosure document, if assessed on a Transaction basis; or (2) an amount equal to 25% of the then-current Annual Dues outlined in Franchisor's then-current franchise disclosure document, if assessed on a per-agent per-year basis.

**4.8 Marketing Fund Contribution.** Franchisor ~~reserves the right to impose~~ a ~~monthly~~ marketing contribution ("Marketing Fund Contribution") ~~upon ninety (90) days' notice~~ based on the evolving marketing needs of the System as determined in Franchisor's sole discretion using reasonable business judgment. The Marketing Fund Contribution is currently \$25 taken out of each Transaction Fee paid to Franchisor, regardless of the program type selected and identified in the Data Sheet. Franchisor may increase, adjust, waive, or suspend the Marketing Fund Contribution from time to time in its sole and absolute discretion upon 30 days prior notice. ~~If implemented, the contribution required will not exceed: (1) an amount equal to 10% of the then-current Transaction Fee outlined in Franchisor's then-current franchise disclosure document, if assessed on a Transaction basis; or (2) an amount equal to 25% of the then-current Annual Dues outlined in Franchisor's then-current franchise disclosure document, if assessed on a per-agent per-year basis.~~ If Marketing Fund Contributions are imposed, it will be used to support a fund for marketing, promotion and other advertising related costs and expenses ("Marketing Fund") subject to the following provisions:

**4.8.1** ~~If a Marketing Fund is implemented,~~ Franchisor intends to use the Marketing Fund to build the reputation, awareness, value and acceptance of the Marks, the JPAR System generally and the Real Estate Services associated therewith and to provide marketing, advertising and promotional materials and other services related thereto. Franchisor, without seeking or obtaining agreement with Franchisee, and not as a condition to the grant or acceptance of the Franchised Business or rights hereunder, but strictly as a unilateral expression of intention and of business policy designed to enhance the competitive effectiveness and general public acceptance of the Marks, System, JPAR brand name and related business, shall use the marketing fund as it shall, in its sole discretion, deem beneficial for the Marks and the JPAR System generally, including the development and implementation of JPAR marketing, advertising and promotional programs to enhance the competitive effectiveness and general public acceptance of the JPAR name and service.

**4.8.2** Franchisee's Marketing Fund Contributions will not be held by Franchisor in trust and shall not be deemed an escrow account. Marketing Fund Contributions will become Franchisor's property to be spent in accordance with the provisions in this Section 4.9. Franchisee's Marketing Fund Contributions may be deposited into Franchisor's general operating account and commingled with Franchisor's general operating funds. An accounting of the marketing contribution deposits constitutes the "Marketing Fund." Franchisor has no affirmative obligation to provide Franchisee with an accounting of receipts or disbursements of these funds; however, upon Franchisee's specific written request, Franchisor will provide an annual unaudited statement of the financial condition of the Marketing Fund. If all of the Marketing Fund Contributions are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Marketing Fund for use in the following years.

**4.8.3** The Marketing Fund is not a trust or escrow account, and Franchisor has no fiduciary obligation to franchisees with respect to the Marketing Fund; provided, however, Franchisor will make a

good faith effort to expend such fees in a manner that it determines is in the general best interests of the Marks and the JPAR System generally. Franchisor undertakes no obligation in using such funds to make expenditures for Franchisee that are equivalent or proportionate to any franchisee's contribution, or to ensure that any specific franchisee benefits directly or proportionately from the placement of advertising or promotional efforts. Franchisor does not have to spend any amount on marketing, advertising, promotion, or field work in Franchisee's market or geographic area.

**4.8.4** Franchisor shall direct all marketing programs financed by the Marketing Fund with sole discretion over all aspects of the fund's usage, including, but not limited to, the creative concepts, materials, services, programs, endorsements, types of media and geographic allocation of media placement. Marketing Fund expenses may include, but not be limited to: (i) website development, content creation, social media, and marketing materials; (ii) assisting franchisees in implementing marketing, advertising, and promotional tools and programs, which may include field visits, annual JPAR Brand conference/regional meeting costs attendant to marketing efforts or other targeted or system-wide marketing efforts at Franchisor's discretion; and (iii) payments to Franchisor for the expense of administering the Marketing Fund, including administrative costs, overhead, accounting expenses and salaries and benefits paid to Franchisor's employees engaged in the marketing, advertising and promotion functions or as an allocation for certain Corporate Services as described below.

**4.8.5** The Marketing Fund shall pay reasonable costs of administration, including administrative costs, overhead and salaries that Franchisor may incur related to the fund's purpose. Specifically, Franchisor has the right to use part of the Marketing Fund for joint or collective advertising campaigns with related, affiliated companies. Marketing Fund costs for formulation and development of advertising, marketing, promotional and public relations materials will include marketing staff compensation, travel expenses, and a proportionate share of the compensation for Franchisor's senior management who devote time and render services for advertising, marketing and/or promotional purposes or the administration of the Marketing Fund. The Marketing Fund may compensate Franchisor or its affiliated entities for out-of-pocket costs and for reasonable expenses incurred for rent, overhead, accounting, collection, reporting, legal, human resources, finance, operations, management and other services (collectively "Corporate Services"), which Franchisor or its affiliated entities provide to, or which relate to the administration of, or for services provided to, the Marketing Fund and its programs. Franchisor and its affiliated entities may provide certain products and/or services to the Marketing Fund, including the Corporate Services outlined above, which would otherwise be provided by unaffiliated third parties, and Franchisor and its affiliates will be entitled to compensation by the Marketing Fund for such products and/or services. Any products and/or services provided by Franchisor or its affiliates will be provided at a cost comparable to those costs that the Marketing Fund would otherwise incur if the products or services were obtained from unaffiliated third parties. In those cases where Corporate Services costs are shared, Franchisor and its affiliates determine how much of the overall expenses incurred for Corporate Services for a calendar year are reasonably attributable to marketing, promotional and advertising services. These expenses are allocated based on revenue, headcount, usage and similar bases, as Franchisor deems appropriate for the specific Corporate Service. Franchisor has the right to periodically modify the allocation process and the methodology described in this paragraph.

**4.9 Incentive Programs.** Franchisor may offer certain incentive programs that discount certain fees from time to time subject to certain criteria. To the extent any of these incentive programs are implemented, Franchisee will receive notice of such incentives. Any such incentive program is completely at the sole discretion of Franchisor and may be implemented, changed, or discontinued at any time.

**4.10 Increase Adjustments.** Other than the Initial Franchise Fee, on January 1<sup>st</sup> of each year, Franchisor has the right to annually increase the Transaction Threshold and the dollar amounts for each of the Transaction Fee, Annual Dues, Agent Monthly Dues, Referral Fees, and ~~, if implemented, any~~ Marketing Fund

Contributions and Agent Technology Fee in an amount not to exceed 5% calculated on a cumulative annual basis through the date of adjustment, provided that such increase applies to all franchisees of Franchisor (unless provided otherwise in a franchisee's franchise agreement). For the avoidance of doubt, if Franchisor does not increase any fee or Transaction Threshold by the maximum amount permitted in any given year, Franchisor may add the amount not increased to the amount of increase in subsequent years.

**4.11** Payments and Reporting for all fees shall be made in accordance with Section 5 hereto.

## **5 REPORTING, PAYMENTS AND RECORD-KEEPING.**

### **5.1 Reporting.**

**5.1.1** Beginning on the Open Date and continuing until the date of expiration or termination of this Agreement, Franchisee shall report to Franchisor's designated computer system (as set forth in the Manuals) the Transactions performed by Franchisee:

- 1) upon consummation of the sale (notwithstanding that funds have not been exchanged) or close of escrow on all Transactions entered into by Franchisee ("entered into" shall be deemed to mean the taking by Franchisee of any action in respect of the Transaction that consequently vests in it a right to receive payment); or
- 2) upon the conclusion of other services rendered by Franchisee resulting in the generation of Gross Revenues.

**5.2 Payments.** All Periodic Fees owed to Franchisor shall be payable no later than the tenth (10<sup>th</sup>) of the calendar month for the preceding Reporting Period. Payments for Periodic Fees and any other fees and will be paid by Franchisor automatically debiting Franchisee's Depository Checking Account (as defined below) through electronic funds transfer ("EFT").

**5.2.1 Deposit Checking Account.** At the Effective Date and thereafter, Franchisee shall establish and maintain a Depository Checking Account at a bank or other financial institution that is a participating member of the Depository Checking Account or such other network or system as may be directed by Franchisor pursuant to the guidelines set forth in the Manuals. Franchisee shall instruct the institution holding the Depository Checking Account to allow Franchisor access to the Depository Checking Account for collection of Periodic Fees and any other fees set forth in this Agreement. Specific dates for reports and Franchisor's debiting of Periodic Fees from this Deposit Checking Account will be identified in the Manuals.

- 1) Under no circumstances shall such access to the Depository Checking Account be deemed control or joint control of the Depository Checking Account by Franchisor. Franchisee continuously shall maintain a minimum balance in the Depository Checking Account to cover at a minimum Franchisee's Periodic Fees or such higher continuous minimum balance as Franchisor shall deem reasonably necessary. Franchisee shall reimburse Franchisor for all additional costs incurred by Franchisor in collecting or attempting to collect funds due Franchisor from the Depository Checking Account (for example, without limitation, charges for non-sufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Depository Checking Account balance in accordance with the terms hereof). The Depository Checking Account shall be established and maintained solely for purposes set forth in this paragraph and the Manuals.

**5.2.2 Credit Card Charges.** Franchisor reserves the right to request credit card information. In this event, Franchisee authorizes Franchisor to charge any and all fees due, including without limitation any credit card processing or similar fees and Convention Registration Fees, to any credit card submitted and retained on file by Franchisor. Franchisee shall execute whatever authorization forms Franchisor may require from time to time to permit Franchisor to make required payments by electronic transfer of funds or debit of Franchisee's account or to charge a credit card. Franchisee is responsible for updating such information as necessary (e.g., expiration dates, preferred credit card), and at Franchisor's request from time to time.

**5.2.3 Insufficient Funds.** If there are insufficient funds in Franchisee's bank account from which to pay Periodic Fees or otherwise, when due, a credit card is rejected, or for any reason Franchisor does not receive its fees by the due date, Franchisee shall be responsible for a Fifty Dollar (\$50) delinquent fee payment. Additionally, to the extent any payments are delinquent, Franchisor reserves the right to assess an interest rate of 3% per month or the maximum permitted by law, while such payments are outstanding to compensate Franchisor for costs incurred when payments or reports are received late.

**5.2.4 No Withhold or Set-off.** Franchisee shall not delay, withhold or set-off any payments or contributions due under this Agreement against any monetary or other claim Franchisee may have against Franchisor for any reason whatsoever.

**5.2.5 Taxes.** Any and all amounts identified as payable pursuant to this Agreement are exclusive of any applicable taxes. Accordingly, if applicable, all payments by Franchisee to Franchisor shall include an amount equal to any taxes mandated by law including, but not limited, sales taxes, excise taxes, use taxes, withholding taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, regardless of whether such law imposes the obligation to pay such taxes on Franchisor or Franchisee.

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

**5.2.7 No Course of Conduct.** Franchisee understands that if Franchisor accepts one or more late payments from Franchisee or other franchisees, it does not mean Franchisor has established a course of conduct and that Franchisor will tolerate any additional late payments from Franchisee or other franchisees in the future, and Franchisor does not under any circumstances waive any of its rights, including the right to declare a Default and terminate the Agreement. Franchisor reserves the right to address each delinquent payment differently as Franchisor believes is in its best business interest, including different treatment of different franchisees. Any payments made on delinquent accounts may be applied by Franchisor as it deems appropriate regardless of Franchisee's direction to apply a particular payment to a particular obligation.

**5.2.8 Monies Owed Collectible on Other Accounts.** Franchisor reserves the right to collect all or a portion of Franchisee's past due Periodic Fees and all other fees (including interest/late fees) by adding such amount to the monies due for Franchisee's purchases of products from Franchisor and/or its affiliates or from Approved Suppliers. All monies collected by Franchisor's affiliates and Approved Suppliers that are allocated to Franchisee's past due Periodic Fees shall be remitted to Franchisor directly on Franchisee's account.

**5.2.9 Suspension of Services.** Any time Franchisee is more than thirty (30) days late paying the Periodic Fees or submitting any required reports, or paying any invoice for goods or services that Franchisee buys from Franchisor or its affiliates or is otherwise in Default by failing to comply with System Standards, Franchisor has the unrestricted right to suspend any support, products or services that Franchisor provides Franchisee, each of which may be exercised without providing notice or opportunity to cure:

- 1) To suspend all services provided to Franchisee under this Agreement or otherwise, including education, marketing assistance, sale of products and supplies, leads from website, technology tools, intranet portal and award(s) eligibility for Franchisee and affiliated Agents (if applicable);
- 2) To suspend taking or placing referrals, leads or relocation requests, for or from Franchisee from any website Franchisor may control and to direct any inquiries regarding these or other programs or services to other franchisees; and/or
- 3) To eliminate listing Franchisee and/or publishing Franchisee's real estate listings in any advertising, marketing or promotional materials, including on Franchisor's principal website and third-party websites to which Franchisor may direct listing information.

Franchisor may continue taking these actions until Franchisee complies with the requirements and Franchisor acknowledges Franchisee's compliance in writing. Franchisee's right to cure does not restrict Franchisor's right to file any legal action or exercise any of its suspension of services options before, during or after the cure period. Franchisee agrees that the suspension of support, products or services while Franchisee is more than thirty (30) days delinquent shall not be a breach of this Agreement. Franchisee understands that, despite Franchisor's right to charge interest and late fees and suspend support and services, Franchisor is not required to permit or tolerate any late payments or reports, and reserves the right, any time, under any circumstances, and in its sole discretion, to notify Franchisee of Default and to terminate this Agreement in accordance with its provisions.

**5.2.10 Pending Transactions and Post-Termination Transactions.**

- 1) Periodic Fees or otherwise shall be payable with respect to any pending transactions, which shall include any commissions or referral fees arising from Transactions subject to a binding written agreement executed prior to the Open Date but closing after the Open Date.
- 2) Upon expiration or termination of this Agreement, all applicable Periodic Fees or otherwise shall be payable with respect to any Transaction subject to a binding agreement (as to all contracts executed by Buyer and Seller or Lessor and Lessee) in effect at the termination or expiration date. For purposes of this subparagraph only, a listing agreement shall not be deemed to be a "binding written agreement." Franchisee shall continue to maintain the Depository Checking Account as identified herein until all outstanding sums due Franchisor have been collected from the Depository Checking Account by Franchisor. Franchisee shall deposit the Periodic Fees into the Depository Checking Account immediately when payable under this subparagraph or the following subparagraph hereof. Franchisee's Periodic Fees shall be paid to Franchisor regardless of the type of consideration received by Franchisee.

**5.3 Records.** During the Term and for thirty-six (36) months thereafter, Franchisee shall maintain full, complete, and accurate books and records of all revenues and expenditures respecting each Location, whether related to the Franchised Business or otherwise, in the form and manner specified by Franchisor in its Manuals. Franchisee must certify all records and reports to be true, complete and correct.

**5.3.1 Financial Records.** Within 120 days after the end of each calendar year, Franchisee shall furnish Franchisor with (i) record of all Transaction sides for the previous fiscal year; (ii) a report of all Agents “Onboarded” for the previous calendar year; (iii) a report containing an Agent roster with anniversary date for each Agent; (iv) a list of Franchisee’s Locations (including ~~Expansion Offices Rapid Expansion Restricted Purpose Locations~~ (including the addresses and telephone numbers of each office and the number of sales agents, if any, who operate from each office); and (v) books of accounts, bank statements, documents, records, papers, and federal, state and local tax return records relating to the Franchised Business or individual officers, directors, owners, partners, or affiliated or related entities or shareholder (collectively, the “**Financial Records**”). All Financial Records shall be prepared in accordance with the guidelines prescribed by Franchisor in the Manuals, and shall be certified by Franchisee or, in the case of a corporate Franchisee, by Franchisee’s Chief Executive Officer or Chief Financial Officer, as being true, complete and correct.

**5.3.2 Other Business Records.** Within 120 days after the end of each calendar year, Franchisee shall furnish Franchisor with: (i) such materials as Franchisor shall require with respect to compliance with System Standards; (ii) such materials as Franchisor shall require with respect to compliance with applicable laws, rules and regulations; (iii) any further information Franchisor shall reasonably require; and (iv) relevant information from Franchisee’s Multiple Listing Service without any cost or expense to Franchisor (collectively, “**Other Business Records**”).

**5.3.3 Franchisor’s Access and Use of Financial Records.** Franchisee’s Financial Records for the Franchised Business as contained in document form or in a software database or elsewhere shall be fully accessible by Franchisor. This provision in the Agreement shall be deemed consent, if such consent is necessary. Franchisor shall have the right, at any time, to use any financial report or statement, or any information derived therefrom, relating to the Franchised Business or any or all the Locations, for the following purposes: (i) business purposes of JPAR Franchising, LLC; (ii) disclosure of the information as required by law or governmental authority; (iii) aggregation of the information with information derived from other franchisees, which may include promotional or marketing purposes; and (iv) as part of Franchisor’s Franchise Disclosure Document or similar disclosure document.

**5.4 Inspection and Audit of Records.** Franchisee shall permit Franchisor, or its duly authorized representative or agent, electronic and manual access to inspect, verify and otherwise audit any and all Financial Records and Other Business Records. Franchisee shall cooperate fully with the parties making such examination or audit on behalf of Franchisor.

**5.4.1** If Financial Records indicate that there has been any underpayment or overpayment of any fees based on Gross Revenue or Transactions as finally adjusted and reconciled, Franchisee shall promptly pay to Franchisor or Franchisor shall credit to Franchisee’s account, as the case may be, any under or overpayment of fees revealed by the examination or audit. In the event of underpayment, Franchisee shall also pay Franchisor interest thereon at the rate of 3% per month or the highest rate of interest allowed by law, computed from the date (or dates) said understated amount (or amounts) were due. Payment and acceptance of such amounts shall not waive or prejudice any right of Franchisor to exercise any other remedy of this Agreement, including termination in accordance with Section 10 of this Agreement. Any over payment shall be credited to Franchisee’s account.

**5.4.2** Franchisor shall assume the full cost of such examination or audit, including, without limitation, professional fees, travel and room and board expenses (“Audit Expenses”) except in the following circumstances: (i) if an inspection, examination or audit is performed due to Franchisee’s failure to submit statements of Gross Revenue or to maintain Financial Records as prescribed herein; (ii)

in the event that Transactions or Gross Revenue were underreported by Franchisee by more than three percent (3%) as determined by any such examination or audit; or (iii) if Franchisee's Financial Records require a substantial effort (as determined in the Franchisor's reasonable business judgment) on behalf of Franchisor's auditors to be placed in a condition readily conducive to audit. In the event of any of these circumstances, in addition to any other remedies Franchisor may have available at law or in equity, Franchisee shall within fifteen (15) days following notice, pay to Franchisor Audit Expenses as well as all additional amounts of fees and late charges shown to be due. Further, Franchisor shall have the right to conduct further periodic audits and evaluations of Franchisee's books and records as it deems reasonably deem necessary for up to 3 years thereafter and any further audits and evaluations will require Franchisee solely be responsible for all Audit Costs directly related thereto. Payment and acceptance of such amounts shall not waive or prejudice any right of Franchisor to exercise any other remedy of this Agreement, including termination in accordance with Section 10 of this Agreement.

## **6 FRANCHISOR'S OBLIGATIONS**

### **6.1 Onboarding and Educational Offerings.**

**6.1.1 Integration Program.** Franchisor shall provide transition consultation and onboarding to effectuate Franchisee's integration into the System to the responsible management persons designated by Franchisee for each original Location (the "Integration Program"). Unless otherwise agreed to, the Integration Program shall be conducted within 90 days after the Effective Date and be for such duration and at such time and place as Franchisor shall determine. Attendance shall be at the Franchisee's expense. Such designated persons must attend the Integration Program and complete to Franchisor's satisfaction within 90 days after the Effective Date, except as otherwise provided in writing by Franchisor. In its discretion, Franchisor may require the principals of Franchisee to participate in the Integration Program. Franchisor reserves the right to limit the number of attendees at the Integration Program to one responsible person for each Original Location and to charge a fee for additional attendees.

**6.1.2 Franchisee and Sales Agent Orientation.** Franchisee is required to ensure its sales agents are provided with orientation to the System. Franchisor will provide materials to Franchisee designed to introduce Franchisee's sales agents to the System. Alternatively, Franchisor may make this orientation available to Franchisee and its sales agents an orientation to the Franchisor's products, tools and services either (i) at a mutually agreeable location at Franchisee's sole cost and expense; or (ii) via an online meeting or other means of electronic communication selected by Franchisor. Franchisee, in addition to providing any physical location, shall provide refreshments, if any, at its cost and expense.

**6.1.3 Timing.** Franchisee acknowledges that Franchisor's ability to provide the onboarding, educational and continuing assistance and other services hereof promptly following the Effective Date may be affected by various factors including the number of Locations being operated by Franchisee and the number of franchisees being incorporated into the System at substantially the same time. Franchisor shall establish a reasonable schedule to provide such services taking such factors into account and shall exercise commercially reasonable efforts to provide such services within the times otherwise provided hereunder. Franchisor also reserves the right to delegate any onboarding and educational offerings to qualified third parties.

### **6.1.4 Additional Educational Courses**

1) Franchisor may make available to Franchisee, from time to time, optional educational courses, seminars, convention, or other programs to managers, staff or agents in a suitable location at Franchisor's discretion.

2) Upon reasonable notice, Franchisor may require attendance of designated personnel of Franchisee at educational courses, seminars, conventions or other programs that may be conducted in-person or virtual other that are deemed by Franchisor to be relevant or appropriate to the successful operation of the Franchised Business. Such circumstances may also include remedial efforts for customer complaints or Franchisee's other unsatisfactory performance of its obligations. Fees may be charged by Franchisor for required training courses, seminars, conferences or other programs ("Additional Educational Fee").

**6.1.5 Expenses.** Franchisee shall be responsible for all expenses that Franchisee or its Owner or that any attendees incur in connection with the Integration Program and any additional educational programs, including, without limitation, travel, lodging, meals and other living expenses.

**6.2 Manuals.** Franchisor will loan to Franchisee during the Term of the franchise one copy of the Manuals for the Franchised Business or make available to Franchisee an electronic copy through an intranet portal or otherwise. The Manuals contain mandatory and suggested specifications, standards and procedures prescribed from time to time by Franchisor for the operation of the Franchised Business and information relative to other obligations of Franchisee hereunder. All those specifications, standards, operating procedures and rules in the Manuals, or otherwise communicated to Franchisee in writing, that are identified as required or mandatory shall constitute obligations under this Agreement as if fully set forth in this Agreement. All suggestions are communicated for general guidance purposes only and Franchisee has full discretion whether to implement in its business operations related to the Franchised Business.

**6.2.1** Franchisee shall keep confidential the contents of the Manuals both during the Term of this Agreement and subsequent to its Transfer, expiration or termination. Franchisee shall prevent unauthorized use or disclosure of the Manuals and all Confidential Information.

**6.2.2** Franchisor shall have the right from time to time to add to, and otherwise modify, the Manuals to reflect changes in authorized Real Estate Services, the System, and specifications, standards and operating procedures of a JPAR Business and the Franchised Business. All modifications to the Manuals shall be binding upon Franchisee upon being mailed, e-mailed or made available from the franchise intranet portal, or otherwise delivered to Franchisee. Franchisee shall accept, implement and adopt any such modifications at Franchisee's own cost. Franchisee shall keep its copy of the Manuals current, and the master copy maintained by Franchisor at its principal office shall be controlling in the event of a dispute relative to the contents of the Manuals.

**6.2.3** The Manuals are, and shall remain, the sole property of Franchisor. Franchisee shall promptly return to Franchisor or delete any digital copies of the Manuals upon termination or expiration of this Agreement.

**6.3 Ongoing Franchisor Support.** Provided that Franchisee is in good standing under this Agreement, is current in payment of all fees and is in compliance with System Standards, Franchisor shall provide the following continuing services for the benefit of Franchisee during the Term:

**6.3.1 Promotion.** Make available from time-to-time marketing and sales promotion materials for purchase from third-party vendors.

**6.3.2 System Improvements.** Furnish to Franchisee from time to time any and all improvements and additions to the System implemented at Franchisor's sole discretion that are circulated generally to all other franchisees.

**6.3.3 Continuing Assistance.** Franchisor shall provide such periodic assistance, as it deems appropriate, utilizing Franchisor's representatives who may visit the Location in person or contract through video conference. The frequency and duration of such contacts or visits to Locations by representatives of Franchisor shall be in the sole discretion of Franchisor. In addition, Franchisor will be available on an ongoing basis for consultation and guidance with respect to the operation of the Franchised Business. In its sole discretion, Franchisor, from time to time, also may make available an operations review of the Franchisee's business operations based on information provided by the Franchisee. The operations review will be no more frequent than one per year. In addition to the Manuals, Franchisor may from time to time provide Franchisee with additional materials relating to the Franchised Business. Franchisor reserves the right to change support or alter its availability due to holidays, inclement weather, force majeure, or other events or unforeseen circumstances.

**6.3.4 Other Support.** Provide, at the option of Franchisor, assistance and support through any of the following communications methods: email, e-newsletters, social media groups, intranet portal or other communication means. Any use of such support will be subject to Franchisee abiding by any applicable rules and guidelines. Franchisee also agrees that it will regularly review communications from Franchisor and will be deemed on notice of all information contained therein. Any software made available to Franchisee or support made available for such software by Franchisor or any third party is done so at Franchisor's option and as an accommodation to Franchisee and shall not be deemed an obligation of Franchisor. Franchisor makes no representation, warranty or guaranty as to the reliability, timeliness, quality, suitability or particular functionality of any software system, except if otherwise agreed in writing by Franchisor and Franchisee in a written software agreement.

**6.3.5 Convention.** Franchisor, at its option, may hold an annual convention for the benefit of its franchisees (the "Convention") in connection with building the integrity and goodwill associated with the Marks and the System. Such conventions may contain information and educational content to addresses marketing and operations issues. Franchisee shall pay the Convention Registration Fee for each attendant as identified in Section 7.7.10.

**6.3.6 Necessary Limitations of Services.** All services and information provided by Franchisor for the benefit of Franchisee, including but not limited to, marketing and operational advice, suggestions or recommendations are to be used by Franchisee at its own risk. Because any advice, suggestion or recommendation rendered is necessarily limited in scope to the extent that it may not consider local custom, practice, law or other nuance, Franchisor is unable to make any warranty or representation, either express or implied, with respect to the accuracy, reliability or completeness of the information provided or the result of the use of the information provided. Franchisee shall use its own judgment and as necessary rely on the advice of applicable professionals (e.g., accounting, legal, etcetera).

**7 FRANCHISEE OBLIGATIONS.** In the interest of maintaining the integrity, force, quality, image, and goodwill associated with the Marks of Franchisor, Franchisee agrees to the following:

**7.1 Educational and Training Program.**

**7.1.1 Integration Program.** Franchisee and/or designated manager must satisfactorily complete the Integration Program prior to commencing the operations of the Franchised Business or managing the operations of the Franchised Business, as the case may be.

**7.1.2 Franchisee and Sales Agent Orientation.** Franchisee shall conduct sales agent orientation for all sales agents associated with the Franchised Business. Franchisor will, at its option, either make available such materials to Franchisee to conduct such orientation or offer to conduct such orientation itself.

**7.2 Scope of Operation.** Franchisee shall only provide Real Estate Services authorized with the Franchised Business from its approved Locations, subject to approval by Franchisor in its sole discretion. Franchisee shall: (i) use its best efforts to diligently and effectively promote, market and engage in the Franchised Business; (ii) develop, with best efforts, the demand for Real Estate Services associated with, and the potential growth for, the Franchised Business from each of Franchisee's Locations; and (iii) devote and focus all of its attentions and efforts to such promotion and development; provided that Franchisee shall not seek to promote and develop the Franchised Business outside the geographic areas serviced by its Locations as determined by Franchisor from time to time in its reasonable and sole judgment

**7.3 Real Estate Related Businesses.** Franchisee agrees that it and each of its Owners must receive Franchisor's written consent in the form of an Addendum to this Agreement prior to engaging in any real estate related business ("RERB") other than Real Estate Services as used in the Franchised Business.

**7.3.1** RERB shall include the following, without limitation:

- 1) mortgage banking, brokerage and origination;
- 2) any business related to the development or sale of insurance or insurance related product;
- 3) escrow services;
- 4) title insurance or searches;
- 5) construction and development;
- 6) appraisal;
- 7) consulting services;
- 8) solicitation for investors and related fundraising used for investment activities including, without limitation: investment funds, syndications, crowdfunding, fractional ownership, or other direct or indirect investment activities
- 9) limited function referral offices (LFROs);
- 10) Property management or otherwise managing real estate in exchange for a fee or other compensation.
- 11) Commercial Property Transactions as addressed in below.

**7.3.2** Commercial Property Transactions shall mean acting as a real estate broker with respect to a transaction involving Commercial Property having a gross listing or sales price that exceeds \$25,000,000.

- 1) "Commercial Property" means parcels of real property other than those on which are located, or intended to be located, residential structures containing multi-dwelling units. Commercial Transactions may only be done with Franchisor's prior written consent upon Franchisee providing evidence of adequate errors and omissions insurance.
- 2) In its sole discretion, Franchisor reserves the right to increase the foregoing \$25,000,000 limit or consent to individual transactions in excess thereof utilizing the Marks, and if Franchisor consents thereto, the transaction will be deemed to be within the scope of the Franchised Business (with respect to permitted Commercial Property Transactions).
- 3) Franchisor reserves the right to identify and change criteria for Commercial Property Transactions, leases, exchanges, and similar transactions and may impose additional conditions with respect to Commercial Property in the Manuals.

- 4) Please note: Commercial Property Transactions below \$25,000,000 may be conducted using the Marks and subject to normal franchise fees and transaction limitations provided you have adequate errors and omissions insurance for such transactions.

**7.3.3** Any consent from Franchisor authorizing Franchisee to engage in RERB shall be conditioned upon, and subject to Franchisee maintaining, the following:

- 1) Under no circumstances shall the Marks be used with any approved RERB.
- 2) All real estate transactions involving both the Franchised Business and any RERB shall be conducted on an arm's length basis and in compliance with all applicable ethical obligations and disclosure laws.
- 3) Any such RERB must be operated under a separate Legal Entity than the Legal Entity that operates the Franchised Business, must have adequate insurance and Franchisee must maintain conspicuous disclosures that the RERB is not operated by or endorsed by Franchisor.

**7.3.4** To the extent, Franchisee and its Owners have received Franchisor's consent to operate a RERB prior to entering into this Agreement, this consent shall be recognized on the Data Sheet.

**7.4** **Approved Broker Management System.** Franchisee, at its sole expense, shall install, be trained on, and continuously use, the approved real estate software systems set forth on the Data Sheet or such other system as may be approved by Franchisor in writing in its sole discretion, which approval may be subject to certain restrictions or conditions set forth by Franchisor. Franchisor may update the list of Approved Broker Management Systems from time to time in the Manuals. Franchisee must also maintain a software support agreement for the Approved Broker Management System with the applicable service provider.

**7.4.1** Franchisee is required to report certain data to Franchisor through an Approved Broker Management System and/or through Franchisor's intranet, including, but not limited to, Transactions, Listings, closed sales and other closed contracts, as set forth in the Manuals. Without limiting the foregoing, commencing on the Effective Date, Franchisee is required to timely, accurately and fully report all closed transactions and other information as specified in the Manuals. Such information shall be reported in the format specified in the Manuals. Franchisor shall be the co-owner of any such reported information with unrestricted rights to use such information.

**7.4.2** In the event Franchisee does not maintain a software support agreement, Franchisor may purchase such software support it deems reasonably appropriate on Franchisee's behalf, and Franchisee shall reimburse Franchisor for all costs of such software support through an automatic deduction from Franchisee's Depository Checking Account. If Franchisee is not active on an Approved Broker Management System or otherwise fails to comply with the electronic reporting requirements herein, Franchisee shall pay Franchisor a fee for processing Franchisee's manual transactions as further provided in the Manuals.

**7.4.3** Franchisee must also subscribe to market data software that Franchisor approves or designates from time to time in Franchisor's sole discretion.

**7.5** **Volume Requirements/Suggestions.** The System cultivates an environment of achievement. Abiding by the following production model system is an important part of the System. As reflected in the Transaction Thresholds, Franchisee is expected to report at least the Annualized Transaction Threshold (as

identified in the Data Sheet as may be increased) during any calendar year (beginning with the first full calendar year of the Term).

**7.5.1** Further, Franchisee acknowledges that the System encourages a minimum production standard for Franchisee's Agents. You should carefully assess the market(s) in which you operate to determine the most effective production standard. Generally, Franchisor recommends that Franchisee consider implementing, as appropriate using Franchisee's best business judgment, a minimum production standard for its Agents of 8 transactions in a 12-month period. If Agent does not meet Franchisee's requirement at the end of 12-month, Franchisee may consider having its affiliated Agent:

- 1) enter a productivity coaching or mentorship program at their expense;
- 2) join an existing team within Franchisee's real estate brokerage; or
- 3) leave Franchisee's real estate brokerage.

**7.6 Promotion of the Franchised Business.** Franchisee agrees to conduct business during all normal business hours, as designated in the Manuals, during the Term of this Agreement and to promote at all times the sale of the Real Estate Services available through the Franchised Business, as prescribed in the Manuals, using its best efforts to develop and enlarge Franchisee's market for such Real Estate Services.

**7.6.1** Franchisee may in its own right and at its own expense advertise and promote the Franchised Business, provided that all such advertising and promotional materials, including, but not limited to, any print, radio, television, electronic, social site naming, directory listings, print or online citations or listings, or other media forms that may become available in the future ("**Local Marketing Collateral**") shall abide by brand guidelines. If Franchisee has any uncertainty as to the proper use of the Marks with regards to any Local Marketing Collateral, Franchisee should, prior to use or publication, submit the Local Marketing Collateral to Franchisor for review and receive approval in writing by Franchisor. If Franchisor does not respond within 14 days after submission of the proposed Local Marketing Collateral, it will be deemed not approved. Franchisor will not unreasonably withhold approval of any Local Marketing Collateral; provided the materials are current, in good condition, in good taste and accurately depict the Marks and the Real Estate Services. Notwithstanding Franchisor's approval of any Local Marketing Collateral, Franchisee is solely responsible for all content of any Local Marketing Collateral. In the interest of maintaining the integrity, force, quality, image, and goodwill associated with the Marks, Franchisor may require Franchisee to remove or discontinue any Local Marketing Collateral, which Franchisee shall remove and discontinue promptly upon notice from Franchisor.

**7.6.2** All Local Marketing Collateral prepared by Franchisee shall be completely accurate and truthful, shall conform to all applicable laws and regulations relating to consumer advertising, and shall give notice that the Franchised Business is an independently owned and operated franchise. Because any Local Marketing Collateral prepared, developed or used by Franchisee in connection with the Franchised Business (whether or not approved by Franchisor as required) will contain the Marks, such Local Marketing Collateral shall become Franchisor's sole and exclusive property.

**7.6.3** You must ensure that all Local Marketing Collateral utilizes only content and images that you have a license to use. Please be advised that content and images on the internet are not "free" for your use in a commercial enterprise. Most content and images require that you purchase a license to use the content and, in those circumstances, often there is an expiration date for your use of licensed content, such as one year from purchase or something similar.

**7.6.4** Franchisee shall indemnify and hold Franchisor harmless for Franchisee's violation of Section 7.7 and the consequences of Franchisee's use of any Local Marketing Collateral.

## **7.7 Management Responsibility and Business Conduct.**

**7.7.1 Devote Full Time to Franchised Business.** At all times during the Term of this Agreement, Franchisee shall devote full time and effort to the active management and operation of the Franchised Business, shall be responsible for the management and operation thereof, and shall act in the best interests of the Franchised Business. Franchisee may employ a full-time manager for the Franchised Business only if Franchisee obtains Franchisor's prior written consent, which consent may be withheld at Franchisor's discretion. In the event a manager is approved by Franchisor, Franchisee shall remain active in overseeing the operations of the Franchised Business conducted under the supervision of the manager. Any manager employed by Franchisee must attend and satisfactorily complete the Integration Program and sign a confidentiality agreement with Franchisee in a form acceptable to Franchisor which includes covenants not to compete for the protection of Franchisee, Franchisor, the Marks and the System. If Franchisee consists of a partnership or has more than one Owner, one of the Franchisee partners or Owners must have a majority interest in the Franchise or there must be a mechanism to grant to one partner or Owner the ability to resolve tiebreaker or deadlock issues within Franchisee's partnership agreement, operating agreement, or shareholder agreement.

**7.7.2 Franchisee's Direct Participation.** Franchisee understands, acknowledges and agrees that the business results, and the financial returns and profits, if any, expected or realized from the investment in, and the operation of, the Franchised Business, depend principally and substantially on Franchisee's direct, personal and active continuous participation in the management, administration and operation of the Franchised Business.

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

**7.7.4 System Standards.** In recognition of, and protection of, the integrity of the JPAR brand and the goodwill associated with the Marks and Franchised Business, Franchisee agrees to adhere to all System Standards.

**7.7.5 Response to Consumer Complaints.** Franchisee agrees to respond to consumer and/or customer complaints in a prompt and professional manner and as otherwise may be provided in the Manuals. In the event, Franchisor in its sole judgment chooses to respond to a complaint it receives, Franchisee is obligated to work with Franchisor to respond reasonably to consumer or customer complaints.

**7.7.6 Standards of Conduct.** In all dealings with customers, the public, competitors, other franchisees and Franchisor, Franchisee will at all times give efficient and courteous service, adhere to high standards of business ethics, honesty, integrity and fair dealing, and ethical conduct and do nothing that would tend to discredit or in any manner damage the reputation and goodwill of Franchisor, the Marks, the System, Franchisee, or other JPAR franchisees or brokerage operations. Further, Franchisee shall not associate the Marks, the System, Franchisor or the Franchised Business with any political ideologies, religious or social philosophies and/or positions. See also Section 8.6.2 regarding use of social media.

1) **National Association of REALTORS® Code of Ethics.** Adhering to the ethical and professional standards is an integral part of the System. All principals and Agents of

Franchisee must adhere to the Code of Ethics of the National Association of REALTORS®. If required by Franchisor, all principals and Agents of Franchisee must be members of their local real estate association and Local REALTOR® Association. Franchisee's principals and Agents agree to adhere to each respective organization's codes and standards.

**7.7.7 System Changes.** Franchisor may, from time to time, upon notice to Franchisee, add to, subtract from or otherwise modify System Standards or otherwise change Franchisee's obligations under the System, including, without limitation, adoption of new or modified Marks, services, or new techniques relating to the promotion and marketing of the Franchised Business. Franchisee shall promptly accept and implement all such additions, modifications and changes at Franchisee's sole cost and expense. This obligation includes from time to time as Franchisor requires for Franchisee to effectuate items of modernization or refurbishment of the Franchised Business to conform to the standards for similarly situated new JPAR franchisees. In no event will Franchisee's modernization and/or replacement obligations exceed Ten Thousand Dollars (\$10,000) during any ten (10) year period. Each and every Transfer of any interest in this Agreement or Franchisee's business governed by Section 9.2 or any Renewal Agreement covered by Section 3.2 is expressly conditioned upon Franchisee's compliance with these modernization or refurbishment requirements at the time of Transfer or execution of a Renewal Agreement. Franchisee acknowledges and agrees that the requirements of this section are both reasonable and necessary to ensure continued public acceptance and patronage of the System and the Franchised Business.

**7.7.8 Timely Payments.** Franchisee shall make all payments and reports, and pay all debts, when due.

**7.7.9 Notice of Franchise Relationship.** Franchisee shall at all times provide notice of the franchise relationship. Franchisee shall hold itself out to the public as an independent business owner operating the business pursuant to a licensed franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to clearly disclose the franchise relationship, including without limitation, exhibiting a notice of the fact on all signs, forms, stationery, contracts, advertising and promotional materials, and other written materials, the content of which Franchisor has the right to specify. As described in Section 8.4.3 herein, Franchisee's Firm Name, and not the name of Franchisor (JPAR Franchising LLC or any derivative thereof) must be used on all marketing and promotional materials and contracts. All Franchisee's contracts, including listing agreements or other contracts with customers/consumers, as well as contracts with vendors or other third parties, shall identify Franchisee's Legal Entity as the contracting party and not exclusively identify the Firm Name.

**7.7.10 Convention Attendance.** If Franchisor holds an annual Convention, Franchisee must pay a registration fee per attendee at an amount at Franchisor's discretion, not to exceed One Thousand Dollars (\$1,000.00) ("**Convention Fee**"), which amount may be adjusted annually to reflect increases in the national consumer price index. This provision shall not obligate Franchisor to hold an annual Convention each year. If Convention is not held, Franchisee shall not be obligated to pay the Convention Registration Fee.

**7.7.11 Signs and Display Materials.** Franchisee agrees that all signs, display materials and other materials shall be in full compliance with the specifications provided in, and in conformity with, the Manuals. Said materials may be purchased and procured by Franchisee from suppliers designated or approved by Franchisor or from Franchisee's local suppliers based on established specifications and in accordance with Manuals' guidelines.

**7.7.12 Telephone.** Throughout the term of this Agreement, at its sole expense, Franchisee shall publicize through reasonable commercial channels its website address and telephone numbers covering the Locations and display its authorized Firm Name promptly as possible after the Effective Date of this

Agreement. If Franchisee is engaged in businesses other than the Franchised Business that have been approved by Franchisor, Franchisee must maintain different telephone numbers and website addresses for those businesses and may not make any reference to the Franchised Business in any marketing or reference to those businesses. Franchisee is obligated to ensure that any online or printed directories associate the telephone number with Franchisee's Locations only.

**7.7.13 Approved Supplies and Suppliers.** Franchisee shall in the operation of the Franchised Business use only such products, equipment, software, computers, stationery, advertising and promotional materials, reports and forms that meet Franchisor's standards and specifications and use the Marks and colors as prescribed from time to time by Franchisor. All materials used must disclose the franchise relationship. Franchisee shall purchase all approved or required supplies from any producer, manufacturer, distributor, supplier or service designated as mandatory for use by Franchisor, which may include Franchisor or an affiliate or, as applicable, any producers, manufacturers, distributors, suppliers or service providers who have been approved by Franchisor ("**Approved Supplier**").

**7.7.14 Computer and Office Equipment.** Franchisee shall acquire and use in the operation of the Franchised Business such computer hardware and software as may be required by Franchisor. Franchisee shall either own, purchase or have access to a laptop or desktop computer system loaded with certain commercially available software. The computer system shall be equipped with Ethernet and USB ports and have an active e-mail account and high-speed access to the Internet. Franchisee agrees to regularly monitor said account. Franchisee shall maintain and repair the computer and all equipment and obtain any upgrades or updates Franchisor requires with respect to such equipment. Franchisee may be required to purchase or lease certain proprietary software from a third party designated by Franchisor including a customer relationship management ("CRM") program, back-office software and Approved Broker Management System, which will require Franchisee enter into a software license agreement with such third party, and to purchase ongoing support services for the proprietary software from Franchisor or a third party designated by Franchisor. Franchisor reserves the right to access all information and data in connection with the Franchised Business produced by Franchisee's computer system. Upon termination or expiration of the Agreement, all such data remains the property of Franchisor.

**7.7.15 Maintenance of Contacts Database.** Franchisee shall at all times exclusively use a CRM program, back-office software program and Approved Broker Management System as required by Franchisor for the Franchised Business. Franchisor reserves the right to require Franchisee to purchase additional specific software programs from third parties. Franchisee must maintain a current database of information on all Agents, customers, marketing contacts and other contacts on the computer system for the Franchised Business. Information contained in said database whether provided by Franchisor or a third party shall be the property of Franchisor.

**7.7.16 Listing Feeds.** Franchisee agrees to arrange, at Franchisee's sole expense, for Franchisor or its designee to receive one or more direct electronic feed of all real estate listings, including all supporting content, from the multiple listing service(s) used by Franchisee collectively, the "Listings" in compliance with the then-effective and current Virtual Office Website (VOW) and/or Internet Data Exchange (IDX) standards adopted by the National Association of REALTORS® or such other standards and procedures that Franchisor periodically specifies.

**7.7.17 Inspection of Franchised Business.** To determine whether Franchisee and the Franchised Business are in compliance with this Agreement, the Manuals, System Standards, and any required specifications or procedures, Franchisor and its representatives shall have the right at all times and without prior notice to Franchisee to inspect Franchisee's business operations, which shall include the right to enter the office of the Franchised Business, to accompany Franchisee on providing its service, or to otherwise observe Franchisee's operation or promotion of the Franchised Business. Franchisor and

its representatives will have the right to interview Franchisee, Franchisee's employees, agents, subcontractors, marketing contacts and customers pertaining to matters of compliance with this Agreement and to photograph, videotape or audiotape any such interviews and/or observation of the operation of the Franchised Business with or without Franchisee's knowledge and without prior notice to Franchisee. Franchisee hereby consents to Franchisor's use of any such audio or video recording for training, marketing or any other purpose. Franchisee shall fully cooperate with Franchisor and its representatives in all respects in connection with conducting, supervising or observing any such inspection and audit provided that Franchisor's exercise of these rights will not unreasonably interfere with Franchisee's conduct of the Franchised Business. In the event that Franchisor incurs fees and costs to hire a third-party representative to inspect or observe Franchisee's operations or promotion of the Franchised Business and said third party representative provides information to Franchisor evidencing Franchisee's violation of this Agreement or System Standards, Franchisee shall reimburse Franchisor for such inspection fees and costs upon demand.

## **7.8 Insurance for Franchised Business.**

**7.8.1** Franchisee shall obtain and at all times during the term of this Agreement maintain in force and pay the premiums for the types and coverages amount of insurance as identified in the Manuals, which may be updated from time to time in Franchisor's sole discretion. Currently, the insurance requirements include, but not be limited to:

- 1) Commercial General Liability insurance with bodily injury and property damage coverage written on a broad form policy form in an amount of at least \$1,000,000 combined single limit per occurrence that includes coverage for:
  - Personal Injury Liability with exclusion "c" deleted
  - Contractual Liability
  - Advertising Injury Liability
  - Premises Medical Payments
  - Host Liquor Liability
  - Fire Legal Liability
  - Broad Form Property Damage Liability
  - Incidental Medical Malpractice Liability
  - Non-Owned Watercraft Liability
  - Limited Worldwide Liability
  - Employees as Additional Insureds
  - Owners' and Contractors' Protective Liability
  - Completed Operations/Products Liability
- 2) Automobile Insurance for any owned, leased, non-owned and hired automobile coverage in an amount of not less than \$1,000,000 with \$500 deductibles for both the collision and comprehensive deductible that covers:
  - Fleet Automobile
  - Non-Owned Automobile Liability
  - Hired Automobile Liability
  - Medical Payments Coverage with \$5,000 per person limit
  - Uninsured Motorists Coverage with Statutory Limits
  - Personal Injury Protection (Statutory No Fault), if any, as required by State laws.

3) If Franchisee uses any employees or independent contractors to perform the Services of the Franchised Business, Franchisee must have:

- a) Workers' Compensation insurance as required by state law; and
- b) Employer Liability with coverage of not less than \$1,000,000 per accident and \$1,000,000 policy limit in the aggregate

4) We require that you obtain Errors and Omissions Insurance for all real estate Agents affiliated with the Franchised Business. This should be a claims made policy form with an occurrence limit of not less than \$1,000,000 and a deductible of \$5,000 with First Dollar Defense. In addition, we recommend you seek advice from an insurance agent to determine if you should consider a Cyber Insurance policy.

**7.8.2** All insurance policies shall be on forms, upon terms and with insurers reasonably satisfactory to Franchisor. All policies must be issued by an insurer(s) rated A- or better in Class X by Alfred M. Best and Company Inc., or comparably rated by Moody's and/or Standard and Poor's or similarly reliable rating services acceptable to us. Upon reasonable notice to Franchisee, Franchisor may reasonably increase the minimum liability protection requirement or decrease the maximum deductible or require different or additional limits or kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances.

**7.8.3** All insurance policies shall in all instances be considered primary non-contributory coverage and expressly protect both Franchisee and Franchisor from liability and action. Franchisor must be named in all policies as a co-insured or an additional named insured. Franchisee shall furnish to Franchisor a certified copy of the certificate with respect to each such policy, which provides that such policy shall not be canceled or modified except upon sixty (60) days prior written notice to Franchisor. If Franchisee fails to obtain or maintain in force any insurance as provided herein or to furnish the certificates required hereunder, Franchisor may, in addition to other remedies it may have, maintain or obtain such insurance and/or certificates on Franchisee's behalf, and Franchisee shall promptly reimburse Franchisor for all premiums and other costs incurred thereby.

**7.8.4** Franchisee must provide Franchisor copies of certificates of insurance coverage evidencing compliance with this Section before the Open Date and upon Franchisor's demand thereafter but no less than annually.

**7.8.5** If Franchisee engages independent contractors to perform other services for customers of the Franchised Business, such independent contractors must be covered by Franchisee's insurance or have in force at the time of performing such services insurance of the types and amounts of coverage as set forth in the Manuals for all services performed or Franchisee must ensure that such independent contractors procure and maintain the insurance as required by this Section. Such insurance policy must name Franchisee and Franchisor as additional insureds under the policy. Franchisee shall obtain from each such independent contractor a certified copy of the certificate of insurance evidencing such coverage prior to the date the independent contractor performs any services for the Franchised Business.

**7.8.6** Maintenance of any insurance required by this Agreement shall not relieve Franchisee of the indemnification obligation under this Agreement.

**7.8.7** Franchisee waives all rights against Franchisor and any other additional insureds and their respective agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by commercial general liability, commercial excess/umbrella liability, business auto liability, workers compensation or employer's liability insurance, or professional liability

insurance maintained pursuant to the requirements of this Section. Franchisee and its independent contractors agree to procure waivers of subrogation from all of its insurers providing coverage under the requirements of this Section.

**7.9 Compliance with Applicable Law.** Franchise shall conduct its business in accordance with all federal, state, local or other governmental laws, statutes, ordinances, regulations or rules applicable to the Franchised Business, whether now in force or hereinafter enacted. This shall include without limitation all laws and regulations relating to real estate brokerage operations, PCI Data Security Standards, consumer protection, Telephone Consumer Protection Act, Do Not Call Lists, CAN SPAM Act, discrimination, employment and employee benefits, sexual harassment, worker's compensation, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes, and payment of sales, use, excise, property or other taxes relating to the Franchised Business and to make all contributions that may be required or demanded under, or by virtue of, such legislation, rules or regulations. Franchisee is required to comply with any local, state or federal guidelines regarding safety protocols including, but not limited to, those issued by the Center of Disease Control and Prevention as may pertain to pandemic or epidemic protocols. Franchisee must also comply with the Code of Ethics of the National Association of Realtors® and other appropriate industry organizations.

**7.9.1** Franchisee represents and warrants that, at its own expense, shall always obtain and maintain all permits, certificates, and licenses required to engage in the Franchised Business in the localities within which each Location is situated. Franchisee, at its own expense, shall have all written materials used in the operation of the Franchised Business, including but not limited to marketing and advertising materials, forms and contracts, reviewed by an attorney to ensure compliance with all applicable state and local laws and regulations prior to the use of each such item.

**7.9.2** To the extent that Franchisee has access to or stores Personally Identifiable Information (as defined below) of its customers, Franchisee acknowledges that it shall hold such information in the strictest of confidence, and protect such information in accordance with the confidentiality provisions set forth in this Agreement, then-current industry standards applicable to such information (including but not limited to the Payment Card Industry (PCI) Data Security Standard as published by the PCI Security Standards Council) and all applicable laws and/or regulations. In addition, Franchisee shall not disclose Personally Identifiable Information without the individual's prior written consent. In the event that the individual so consents, Franchisee may disclose such Personally Identifiable Information only to the extent expressly permitted by such individual and then only in accordance with the terms of this Agreement, such consents, and applicable law. As used in this Section, "**Personally Identifiable Information**" means personal information that collectively enables the person to be identified, including without limitation, names, phone numbers, mailing addresses, credit card information, social security numbers, financial information, and login credentials (including without limitation usernames and passwords to any website, applications and/or systems).

**7.9.3** Franchisor shall have no liability for any sales, use, excise, property or other taxes of Franchisee or the Franchised Business or for Franchisee's non-compliance with any applicable law or regulation. Franchisee shall indemnify and hold Franchisor harmless for Franchisee's failure to comply with this Section 7.9.

**7.9.4** Franchisee shall immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any Legal Entity affiliated with Franchisee, or any Owner, agent, employee, independent contractor, officer, member, manager, director or partner of Franchisee, which notification shall include all relevant details in respect thereof, according to the procedures set forth in the Manuals.

**7.10 Liability and Indemnification for Franchised Business.** Franchisee alone shall be responsible for all loss or damage arising out of or relating to the operation of the Franchised Business, including, but not limited to: (i) arising out of the acts or omissions of Franchisee or any Owner, agent, employee, independent contractor, officer, member, manager, director or partner of Franchisee in connection with services offered or rendered by Franchisee; (ii) for all claims related to social media and internet usage and unauthorized marketing or advertising representations; and (iii) for all claims for damage to property or for injury or death of any person or persons directly or indirectly resulting therefrom. Franchisor will in no event assume liability for, or be deemed liable hereunder, as a result of any such action, or by reason of any act or omission of Franchisee in its conduct of the Franchised Business, or any claim or judgment arising therefrom against Franchisee.

**7.10.1** Franchisee agrees, for itself and its successors and assigns, to indemnify, defend and hold harmless forever, Franchisor, its successors and assigns, affiliates, subsidiaries, and their respective officers, directors, agents, employees and representatives (collectively, “**Indemnified Parties**”), past and present, against any and all claims, judgments, damages, suits, losses, penalties, fines, expenses, costs, settlements and liabilities, which shall include, but not limited to, compensation for damages to Franchisor’s reputation and goodwill; reasonable attorneys’ fees (whether such fees be incurred by outside counsel or a staff attorney); court costs; expert witness fees; costs of investigation and defense; related travel and living expenses; and all other costs associated with any of the foregoing losses and expenses (“**Indemnified Expense**”) of any kind or nature that hereafter may be brought or instituted against any or all of them, or their successors and assigns, by or on behalf of anyone claiming rights or injury arising directly or indirectly from, as a result of, or in connection with the operation of the Franchised Business, or claims and matters related to acts or omissions of Franchisee, employees and/or its independent contractors (sales agents), whether or not the cause of such Indemnified Expense was actually or allegedly caused wholly or in part through the negligence or intentional act or omission of the Indemnified Parties or resulted from any strict liability imposed on the Indemnified Parties. Franchisee shall give Franchisor prompt notice of any such indemnity event of which it is aware, for which indemnification is required, and, at the expense and risk of Franchisee, Franchisor shall have the option to control its own defense and to select counsel of its own choosing. Franchisor may, in its sole judgment, take such actions as it seems necessary and appropriate to investigate, defend, or settle any indemnity event or take other remedial or corrective actions with respect thereof as may be, in Franchisor’s sole judgment, necessary for the protection of the Indemnified Parties or the System. Such an undertaking by Franchisor of any rights or obligations attended to indemnified claims or otherwise shall, in no manner or form, diminish the obligation of Franchisee to provide the foregoing indemnity of Franchisor and the foregoing parties and to hold Franchisor and the foregoing parties harmless. The indemnities and obligations set forth in this Agreement will continue in full force and effect subsequent to the Transfer, expiration or termination of this Agreement.

**7.10.2** Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor’s behalf, or to incur any debt or other obligation in Franchisor’s name.

**7.10.3** If Franchisee does not resolve a customer service complaint or refuses to offer a concession that may include a partial or full refund of his/her commission paid and the customer contacts Franchisor, and if Franchisor believes there is a reasonable basis for the complaint, Franchisor may issue a concession that may include a refund, in whole or part paid by the customer. Franchisee agrees to reimburse Franchisor on demand for any costs, expenses or refund paid to Franchisee’s customer.

**7.10.4** Franchisee shall be solely responsible for handling, managing and participating in the defense of all claims and/or lawsuits related in any way whatsoever to the Franchised Business, whether such claims arise during the term of this Agreement or after its termination or expiration. In the event Franchisee’s customer asserts claims or potential claims against Franchisor, Franchisee and its agents,

employees and independent contractors agree to fully cooperate with Franchisor and/or its insurer in any investigations or other efforts to defend the claims asserted.

## **8 PROPRIETARY INFORMATION.**

**8.1 Confidentiality and Trade Secrets.** Franchisee hereby acknowledges that only Franchisor can franchise the proprietary rights associated with the Marks, the System, and the JPAR Business and all parts thereof, and of all material and information divulged to Franchisee relating to the Franchised Business. Franchisee further acknowledges that the System and the JPAR Business, each part thereof and in its entirety, constitutes trade secrets, confidential and proprietary business information of Franchisor that are revealed to Franchisee in trust and in confidence solely for the purpose of enabling Franchisee to establish and operate the Franchised Business. Such trade secrets, confidential and proprietary business information include, but are not limited to, information concerning the Marks; knowledge of the System; concepts or results relating to the services; supplier and material lists; customer list and contact information and data; proprietary software; forms of agreement and actual agreements; contact or service provider information or data; educational content and training; Manuals and related materials and other aids; business and accounting procedures and processes; promotional and marketing guidebooks, and other aids; and, in general, methods, techniques, formulas, formats, specifications, standards, procedures, know-how, and information systems (collectively referred to as “**Confidential Information**”).

**8.1.1** Franchisee acknowledges that all data pertaining to the Franchised Business, including Confidential Information, Financial Records and data contained in any database whether prepared by Franchisee or Franchisor, including, but not limited to, any data contained in contact relationship management software, belongs to Franchisor.

**8.1.2** Franchisee shall maintain the absolute confidentiality of all Confidential Information during and after the Term and shall not use any of the Confidential Information in any other business or in any manner other than with the Franchised Business. Franchisee shall not make copies of such information or divulge such information to any other person except as permitted in writing by Franchisor. Franchisee shall require any other person who will have access to any Confidential Information to sign a confidentiality agreement in a form approved by Franchisor, which form, among other provisions, shall designate Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

**8.2 Improvements to System.** As Franchisor develops, learns, or implements improvements to the System, it will so notify franchisees and authorize their use in the Franchised Business. In return and in consideration therefore, Franchisee agrees that any idea or suggested innovation or variation that may tend to enhance or improve the System and the JPAR Business including all writings and other original works of authorship regardless of form, including, but not limited to software programs, trademarks, copyrightable works, Internet Web page or any other document or information pertaining or relating to the Franchised Business that Franchisee discovers or otherwise becomes aware of during the Term shall be submitted to Franchisor for its evaluation for adoption and use. Franchisee agrees that all proprietary rights to such ideas, works, innovations or variations created or acquired by Franchisee or any of its employees, during the Term, shall be deemed by the parties to be works made for hire and shall belong to Franchisor. Franchisor may adopt such improvements without compensation to Franchisee, and such improvements shall thereupon become part of the System owned by Franchisor and be used by Franchisor without any restriction, which shall include being made available to other franchisees.

**8.3 Use of, and Noncompliance with, System.** Franchisee acknowledges the importance of the Confidential Information and System to the reputation and integrity of the System and the goodwill associated with the Marks and the JPAR brand. In order to assure maximum uniformity of quality and service conducted by all franchisees, Franchisee agrees to follow the procedures prescribed by System Standards as otherwise may be

required in the Manuals. If Franchisor notifies Franchisee of a failure to comply with any of the standards or procedures that are required and Franchisee fails to correct the non-compliance within a period of time that Franchisor requires or Franchisee subsequently fails to comply with the same standard or procedure for which Franchisee received the notice, then, in addition to any other remedies to which Franchisor shall be entitled, Franchisor reserves the right to impose a fine for such non-compliance in the amount then specified in the Manuals. This provision shall solely be deemed a fine and not an adequate remedy at law.

#### **8.4 Marks.**

**8.4.1 Ownership of Marks and Goodwill.** The Marks are owned by Franchisor's affiliate, JP Piccinini Real Estate Services, LLC. By virtue of a Trademark License Agreement dated March 1, 2018 between JP Piccinini Real Estate Services, LLC and JPAR Franchising, LLC, Franchisor has the right to sublicense the use of the Marks in connection with the System. To the extent JP Piccinini Real Estate is the owner of the Marks, it shall be deemed a third-party beneficiary of this Franchise Agreement.

**8.4.2 Franchisee's Use of Marks.** Franchisee's right to use the Marks is limited to the operation of the Franchised Business in authorized Location(s) subject to the terms and conditions of this Agreement and the Manuals. Franchisee shall not contest or oppose, or assist anyone else to contest or oppose, directly or indirectly, Franchisor's license, or JP Piccinini Real Estate Services, LLC's ownership of the Marks, application for registration of the Marks, or registration of, or the validity or enforceability of any of the Marks. Franchisee's use of the Marks and any goodwill associated with the Marks shall inure to the exclusive benefit of Franchisor.

**8.4.3 Franchisee's Firm Name.** Franchisee shall operate, advertise, and promote the Franchised Business and its services under a Firm Name as approved in writing by Franchisor and as identified on the Data Sheet. Such Firm Name shall designate in conjunction therewith that Franchisee is an independent JPAR franchisee. Franchisee shall not, however, use any of the Marks (including JPAR) or any other portion thereof or similar words or colorable imitations thereof as part of any name of any corporation, partnership, limited liability company or other business Legal Entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, or with the commercial symbols or trade dress of any other person or Legal Entity, nor may Franchisee use any of the Marks in connection with the sale of any unauthorized products or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall, upon request of Franchisor at any time, immediately stop the use of any such name or word in its business entity name and shall promptly take such steps as may be necessary or appropriate in the judgment of Franchisor to remove any such name or word from Franchisee's Legal Entity name. Franchisee's Firm Name must be used on all marketing and promotional materials and contracts. Designations for "doing business as" (d/b/a) shall not contain any geographic designation, such as JPAR of New York.

**8.4.4 Use of the Marks.** Franchisee's use of the Marks shall conform with the requirements as identified in the Manuals. In every instance be accompanied by the registration symbol ® or the TM or SM symbol, and as directed by Franchisor. In addition, any and all advertisements, brochures or other promotional materials bearing the Proprietary Marks shall contain one of the following statements: "The JPAR® trademark and logo are registered trademarks licensed by JPAR Franchising, LLC." As indicated elsewhere in this Agreement and in the Manuals, all such materials should also provide that each JPAR franchise is independently owned and operated.

#### **8.4.5 Defense of Marks by Franchisor**

- 1) If Franchisee receives notice or learns of a claim, suit, demand or proceeding against Franchisee on account of any alleged infringement, unfair competition, or similar matter

relating to Franchisee's use of the Marks, Franchisee shall promptly notify Franchisor of such claim, suit, demand or proceeding. Franchisee shall have no power, right, or authority to settle or compromise any such claim by a third party without the prior written consent of Franchisor. Franchisor may, but is not required to, defend, compromise or settle any such claim at Franchisor's cost and expense, using attorneys of its own choosing. If Franchisor decides to defend, compromise or settle any such claim, Franchisee shall cooperate fully with Franchisor in connection with the defense of any such claim. Franchisee irrevocably grants Franchisor authority and power of attorney to defend or settle all of such claims, demands, suits or proceedings as to these claims.

2) If Franchisee receives notice or is informed or learns that any third party that Franchisee believes to be unauthorized to use the Marks, is using the Marks or any variants thereof, Franchisee shall promptly notify Franchisor. Thereupon, Franchisor shall, in its sole discretion, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement of the Marks. Franchisor shall have the sole authority and power to prosecute or settle such action. Franchisee shall render such assistance as Franchisor shall reasonably demand to carry out the prosecution of any such action including, but not limited to, becoming a nominal party to any legal action. Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement.

**8.4.6 Substitution of Marks.** Franchisor may change, revise or substitute different Marks for use in identifying the System, if the Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. The use of the substituted Marks shall be governed by the terms of this Agreement and Franchisee shall implement such change at its sole cost and expense, and Franchisor shall not compensate Franchisee for such substitution.

**8.5 Copyright.** Franchisor has developed, and may further develop during the Term, Manuals and certain artistic designs, and certain other documents or word combinations designated for use by Franchisee. Franchisor retains all right, title and interest thereto as provided by copyright law to the originator of works and Franchisee is licensed to use such copyrighted materials solely in accordance with the terms of this Agreement during the Term. If Franchisee develops or suggests a change or additional component of any copyrighted work, Franchisor may adopt such change or addition without compensation to Franchisee, and such change or addition shall thereupon become part of the System owned by Franchisor.

## **8.6 Internet Usage.**

**8.6.1 Domain Names.** Franchisee may use the Internet to market the Franchised Business as set forth in the Manuals. Franchisee shall not register any of the Marks on the Internet or any other computer on-line service, which shall preclude using the Marks as a domain name or as an email address unless issued through Franchisor. Franchisee, its employees, brokers, independent sales associates and representatives, will not use, license or register any domain name or URL (or other Internet identification) that uses a Mark or a mark, image or words confusingly similar to the Marks or any abbreviation, acronym, or phonetic or visual variation of the Marks without Franchisor's prior written consent. At Franchisor's request, Franchisee will promptly assign or redirect (or cause to be assigned or redirected) to Franchisor any domain name, URL, or other identification that violates this Agreement or the Manuals at Franchisee's expense and without compensation from Franchisor. Any consent Franchisee may have received from Franchisor for the use and/or registration of a domain name will be automatically withdrawn upon expiration, or termination for any reason, of this Agreement, and any such domain names registered by Franchisee shall be promptly transferred to Franchisor without any compensation. Any domains registered by Franchisee without Franchisor's prior consent, that contain any of the Marks, or

portions thereof, or that are confusingly similar to any of the Marks, shall be promptly transferred to Franchisor upon request and without any compensation.

**8.6.2 Social Media.** Franchisor in its sole discretion shall reserve the right to establish social networking accounts on behalf of Franchisee that use the Marks. Franchisee's use of the Marks on any social networking website, including but not limited to Facebook, LinkedIn, Twitter, Instagram or any other similar media that exploits, utilizes, displays, or otherwise makes use of any of the Marks is subject to strict social media guidelines as contained in the Manuals. For any accounts that Franchisor establishes on behalf of Franchisee, Franchisee has no right, title or interest to any webpage on any of Franchisee's social networking sites including, but not limited to, all "fans", "followers", "friends" and "contacts" associated therewith which mentions, uses or refers in any way to the Marks or other intellectual property. To the extent Franchisor finds any violation of this paragraph, Franchisee shall immediately take whatever steps are necessary to fully and completely cancel or dismantle any and all such social networking account or webpage or transfer the account or webpage and all related information, including all "fans", "followers", "friends" and "contacts" associated with such accounts or webpages, to Franchisor.

1) During the Term, Franchisee's use of the Marks or its identification of itself or its Owners with the Franchised Business on any professional or personal social media forum shall not associate the Marks, the System, Franchisor or the Franchised Business with any political ideologies, religious or social philosophies and/or positions. Because Franchisor has an interest in protecting the integrity of the entire System, Franchisor has the right, but not the obligation, to take whatever steps are deemed appropriate by us in Franchisor's sole discretion to protect the goodwill associated with the Marks. Such steps may include, but not be limited to, demanding the removal of any political, religious, social philosophy, or offensive, obscene or immoral content ("Offensive Content") from videos, emails or other communications from business and personal pages that are in any way associated with the Marks or the System (even if the Marks are not directly visible with the Offensive Content but are otherwise associated with the brand). Franchisee agrees on behalf of the Franchised Business and its affiliated Agents to comply with any such requests.

2) Franchisee shall not use any personal social media forum to discredit, disparage, or harm the reputation and goodwill of the Marks, other franchisees or the System or the JPAR brand generally.

3) Upon Transfer, expiration or termination of this Agreement, Franchisee shall not be permitted to use the Marks or any other indicia of its former affiliation with the JPAR brand on any social media forum whatsoever.

4) As stated in Section 7.9, Franchisee is fully responsible for indemnifying Franchisor for any acts or omissions relating to Franchisee's social media and internet usage.

**8.7 Authorization and Release.** Franchisee and its Owners authorize and grant worldwide rights in perpetuity to Franchisor and its affiliates, successors and assigns, to record Owners' words, statements and opinions as well as their likeness and image on photographs, film and/or videotape (the "Images") to use and to license others to use the Images for commercial and non-commercial purposes, including, but not limited to, publicity, marketing, advertising, training and/or sales purposes and in any manner of media whatsoever, which shall include, but not be limited to: (a) still photographs; (b) movie and sound films and video tapes; (c) electronic broadcasts consisting of television programs and commercials; (d) internal and external Internet live streaming and other on-line presentations and materials; (e) graphics, logos or other collateral derived from the Images (collectively "the Works"); and (f) press releases. Franchisee/Owners release Franchisor from any and all claims

and liability for damages for: (i) libel, slander, invasion of privacy, right of publicity or any other claim based upon use of the Images; and (ii) any blurring, distortion, alteration, optical illusion, or use in composite form, whether intentional or otherwise, of the Images.

**8.7.1** Franchisee/Owners waive any right to inspect and/or approve the finished product incorporating the Images or the use to which the Images may be applied.

**8.7.2** Franchisee/Owners agree that Franchisor shall have exclusive ownership of all right, interest and title in and to the Images and Works including, without limitation, all copyrights therein.

## **9 ASSIGNMENT, TRANSFER AND ENCUMBRANCE**

**9.1** **By Franchisor.** Franchisor shall have the right to Transfer or assign all or any part of its rights or obligations under this Agreement to any person or Legal Entity without the consent of Franchisee. With respect to any assignment that results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. In addition, Franchisee expressly affirms and agrees that Franchisor may sell its assets, the Marks, or the System; may sell its securities in a public offering or in a private placement; may merge, acquire other entities, or be acquired by another Legal Entity; including a Legal Entity that owns and or operates businesses that compete with the Franchised Business, and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, each and all without the consent of Franchisee.

**9.2** **By Franchisee.** The rights granted to Franchisee in this Agreement are personal and Franchisee acknowledges that Franchisor is entering into this Agreement in reliance upon and in consideration of the individual character, skill, aptitude, business ability, English language fluency, physical capacity to perform the obligations under this Agreement and financial capacity of Franchisee or, if Franchisee is a Legal Entity, of its Owners. Accordingly, subject to the exceptions in this Section 9.2, if Franchisee desires or proposes to Transfer of any right or Equity Interest (as defined in Section 9.2.9 in excess of 5% of the Franchisee to a potential person or Legal Entity ("**Transferee**"), Franchisee must receive Franchisor's prior written consent and offer Franchisor a right of first refusal, if applicable, pursuant to Section 9.3 herein. Any attempt at a Transfer that violates the provisions of this Section shall constitute a material breach of this Agreement and shall convey no right or interest in this Agreement.

**9.2.1** **Notice.** Franchisee shall first notify Franchisor in writing at least 60 days before the proposed Transfer, setting forth in detail all of the proposed terms and conditions of the Transfer, a copy of the proposed sale and purchase agreement between Franchisee and the proposed Transferee, the name and address of the proposed Transferee, and the consideration therefore.

**9.2.2** **Franchisor Consent.** If Franchisor determines not to exercise its Right of First Refusal, it will determine whether to give or withhold its consent to a Transfer. In making such a determination, Franchisor shall exercise its good faith business judgment. Such exercise of good faith business judgment shall include Franchisor's consideration of certain skills and qualifications of the prospective Transferee that are of business concern to Franchisor, including without limitation, the following: experience operating a real estate brokerage business, financial and operational skills and qualifications, economic resources, reputation and character of such prospective Transferees; the ability of such prospective Transferee(s) to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferees will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System, or Franchisor, its parent or any of its affiliates. If Franchisor grants its consent to the Transfer for which it has not exercised its right of first refusal, the proposed Transfer must comply with all the conditions in Section 9.2.

**9.2.3 Transferor Compliance.** At the time of the proposed Transfer, Franchisee shall have complied fully with all obligations to Franchisor, whether under this Agreement, or any other agreement, arrangement or understanding with Franchisor.

**9.2.4 Due Diligence and Competency.** The proposed Transferee and each its Owners, as the case may be, must be a United States citizen or lawful resident alien of the United States and must have sufficient literacy and fluency in the English language, in Franchisor's opinion, to communicate with employees, agents, customers, and suppliers of Franchisor and shall submit to such other tests and interviews as Franchisor shall reasonably deem to be necessary or desirable, including presenting themselves at Franchisor's corporate office or at such other location as designated by Franchisor. Transferor and Transferee shall provide Franchisor with such information as Franchisor may require in order to determine whether to grant such proposed Transfer. Transferee shall satisfactorily complete Franchisor's Integration Program within thirty (30) days after the effective date of such Transfer and Transferee shall pay for all related costs and expenses.

**9.2.5 Reasonable Terms of Sales.** The sales price of the Equity Interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor exercising reasonable business judgment, the proposed Transferee will be unlikely to properly maintain, operate and promote the Franchised Business and meet the proposed Transferee's financial and other obligations to Franchisor, third party suppliers and creditors. This provision shall not create any liability on behalf of Franchisor to either Franchisee or the proposed Transferee, in the event that Franchisor approves the Transfer and the Transferee experiences financial difficulties. Terms of the proposed sale and purchase agreement shall not purport to Transfer any intellectual property of Franchisor and shall not in Franchisor's sole discretion contain any terms or conditions that would damage the goodwill of the System.

**9.2.6 General Release and Post-Termination Obligations.** Franchisee and its Owners shall execute a general release of Franchisor and its respective current and former officers, shareholders, directors, members, managers, employees, agents, affiliates, and representatives, in a form satisfactory to Franchisor. Further, Franchisee and its Owners must adhere to all applicable post-termination obligations as contained in Section 11 herein, including the restrictive covenants at Section 11.9.

**9.2.7 Duly Licensed.** The proposed Transferee shall be duly licensed to operate the Franchised Business, and Franchisee shall have obtained, at its or at the Transferee's expense, all requisite consents to such Transfer.

**9.2.8 New Franchise Agreement.** The proposed Transferee shall execute the standard form of Franchise Agreement then being offered to new franchisees and other ancillary documents that Franchisor requires, the terms of which may vary from those of this Agreement. If the Transferee is a Legal Entity, its Owners shall jointly and severally guarantee the full payment and performance of Transferee's monetary and non-monetary obligations to Franchisor and deliver to Franchisor forms of personal guaranty and subordination to the satisfaction of Franchisor.

**9.2.9 Transfer Fee.** For any Transfer equal to or exceeds 10% of Equity Interest, Franchisee shall pay to Franchisor a "**Transfer Fee**" in the amount of Five Thousand Dollars (\$5,000). Franchisor reserves the right to charge Franchisee for any extraordinary out of pocket costs associated with the Transfer, including, but not limited to, costs of attorneys' fees or due diligence efforts associated with the Transfer, on or before the Transfer. If Franchisor does not consent to the Transfer, Franchisor shall refund the Transfer Fee to Franchisee after deducting any costs and expenses it incurred in connection with the proposed Transfer.

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

2) Computing Equity Interests. In computing the percentages of Equity Interests in Franchisee, limited partners will not be distinguished from general partners in the case of partnerships, and Franchisor’s judgment will be final if there is any question of the definition of “Equity Interest” or as to the computation of relative equity interests, the principal considerations being: (i) direct and indirect power to exercise control over the affairs of Franchisee; (ii) direct and indirect right to share in Franchisee’s profits; and (iii) amounts directly or indirectly exposed to risk in Franchisee’s business. Equity interests may be Transferred only if the Transfer is registered or exempt from registration under federal securities laws. If Franchisee is a partnership or corporation, Franchisee represents that the Owners of Equity Interests in Franchisee are directly and (if applicable) indirectly owned as shown on Scheduled ~~2B~~ attached hereto.

**9.2.10 Modernization Requirement.** Either Franchisee has or Transferee has agreed to comply with the provisions of this Agreement and the Manuals regarding modernization or refurbishment of the Franchised Business as may be necessary to conform to the standards then applicable to new JPAR franchisees.

**9.2.11 Third-Party Fees.** To the extent applicable, Franchisee will have paid broker or other third-party fees in connection with efforts to assign or transfer this Agreement. Depending on the nature of the contractual relationship between broker/third party and Franchisor/Franchisee, these fees shall be paid to either Franchisor or to the third-party directly.

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

**9.2.13 Transfers to Family Members.** Franchisee, if a natural person, or an Owner may with Franchisor’s consent, which will not be unreasonably withheld, Transfer the Franchised Business or an Equity Interest in Franchisee to such person’s spouse, parent, sibling, niece, nephew, descendant or spouse’s descendant provided that adequate provision is made for the management of the Franchised Business and the Transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the Transferee’s obligations under this Agreement.

**9.2.14 Transfers to Affiliated Legal Entities.** Franchisee or an Owner, if a natural person, a sole proprietorship or a partnership, may with the consent of Franchisor, which will not be unreasonably withheld, Transfer the Franchised Business or an Equity Interest in Franchisee to a corporation or limited liability company entirely owned by such natural person, sole proprietorship or partnership, as the case may be, in the same proportionate amount of ownership as prior to such Transfer, provided that: (i) adequate provision is made for the management of the Franchised Business and that the Transferor

guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement; and (ii) such Transfer may be denied by Franchisor if, in Franchisor's reasonable judgment, the economic resources of the Transferee are not sufficient to fully and faithfully conduct the Franchised Business as contemplated by this Agreement or the Transfer and the prospective Transferee may reasonably be expected to have a negative effect on the reputation or business operations of the Franchised Business, the System, or Franchisor, its parent or any of its affiliates.

**9.2.15 Transfers Not Requiring Consent.** Franchisee may execute Transfers without receiving Franchisor's prior written consent provided Franchisee provides Franchisor notice thirty (30) days prior to the Transfer pursuant to the following:

1) Franchisee or Owner may Transfer or issue in any single transaction or series of transactions up to five percent (5%) of the equity interest in Franchisee to an employee, officer or agent of Franchisee directly involved in the operation of the Franchised Business on a full-time basis at the time of such Transfer or issuance. For the purposes of this subparagraph, the term "full-time" shall mean generally working an average of 35 or more hours per week.

2) Owners (as identified on Schedule 2) may receive a Transfer of up to 25% of the Equity Interest in Franchisee.

3) In both of the above circumstances, the Transfer, when combined with all other Transfers that have occurred since Franchisee has been a franchisee of Franchisor, does not affect a change in control of Franchisee. For purposes of this provision, "Control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

4) Notwithstanding, the parties acknowledge that it is possible that circumstances may change or additional information regarding Owners may come to light after the Effective Date. Therefore, Franchisee shall give Franchisor prior written notice of any Transfer addressed in this Section, and Franchisor may prohibit such Transfer within 30 days thereafter if Franchisor articulates, in the exercise of its reasonable business judgment, a material reason for such prohibition not related to the information Franchisee has previously disclosed to Franchisor regarding such individuals, or not otherwise actually known by any of the officers of Franchisor, on the date hereof.

**9.2.16 No Waiver.** Franchisee acknowledges: (i) that any consent granted or withheld by Franchisor under this Section 9.2 shall not serve to waive Franchisor's right to grant or withhold consents thereafter; and (ii) that Franchisor may consider the effect (cumulative or otherwise) of prior Transfers in determining whether to grant or withhold its consent to any Transfer.

**9.3 Right of First Refusal.** If Franchisee or any of its Owners intend to Transfer in excess of 25% of Equity Interests in the Franchised Business for valuable consideration, a complete and accurate copy of the bona fide, signed, written offer from the potential purchaser must be delivered immediately to Franchisor. If the offeror proposes to buy any other tangible or intangible assets that do not relate to or are not used by or in the Franchised Business, the proposal for such assets or rights must be described in a separate offer that is disclosed to Franchisor, but to which this right of first refusal is not applicable. The purchase price and terms for the Transfer of the Franchise will reflect the bona fide offered price and not reflect any value for any other assets.

**9.3.1** Within thirty (30) days after Franchisee delivers a complete and accurate copy of the bona fide offer to Franchisor, Franchisor or its designee will have the option, exercisable by written notice,

to purchase the interest that is the subject of the offer/ for the price and on the terms in the offer; provided, however, that: (a) Franchisor may substitute cash for any in-kind payment proposed in the offer; (b) Franchisor's credit will be deemed equal to the proposed purchaser's credit; and (c) Franchisor will have not more than one hundred twenty (120) days from the option exercise date to consummate the transaction. Franchisee will promptly respond to all of Franchisor's reasonable due diligence requests. Terms and conditions for the purchase will be as similar as practicable to the offer's terms and conditions, subject to the exceptions above.

**9.3.2** Unless expressly limited in the third-party offer, Franchisor has the right to purchase the Equity Interests subject to all customary representations and warranties, closing documents, releases and indemnities as Franchisor may reasonably require, including representations and warranties as to the ownership and condition of, and title to, shares of ownership and/or assets, the validity and status of contracts and leases and the extent of any liabilities, contingent or otherwise. Franchisor also will have the option to acquire, for nominal consideration, an assignment of Franchisee's leasehold rights for the Locations.

**9.3.3** If Franchisor does not exercise its purchase option, Franchisee or its Owners may complete the sale to the offeror on the offer's exact terms, subject to Franchisor's approval of the Transfer; provided that if there is a material change in the offer's terms, Franchisor will have an additional option to purchase during the thirty (30)-day period after Franchisee provides notice of a material change in the offer's terms.

**9.3.4** If the proposed Transfer is not supported by valuable consideration (e.g., gift, testamentary transfer, or involves the transfer of ownership to an immediate family member of an Owner, or reorganization of the Franchisee Legal Entity without any change in the Owners), Franchisor will have no right of first refusal. Franchisor must approve all new Owners as provided under Section 9.2.

**9.4 Death or Incapacity of Franchisee.** Upon Franchisee's death or Incapacity during the Term or upon the death or Incapacity of one or more Owners with 50% or more interest in Franchisee, if Franchisee is a Legal Entity, Franchisor, on its own initiative, or upon the written request of the heirs, shall allow the heirs a period of six (6) months from the date of death or Incapacity to effectuate one of the below two options.

**9.4.1** Demonstrate that the heirs, personal representatives or conservators of Franchisee or Owner ("**Heirs**") meet Franchisor's requirements for a Transferee set forth in this Agreement and agree to the terms of this Agreement and confirm this by signing a Transfer or assignment. At Franchisor's option, as an alternative to signing a Transfer or assignment agreement, Franchisor may require the Heirs to execute the standard form of Franchise Agreement then being offered to new franchisees (modified to reflect that Franchisor shall not collect an initial franchisee fee and to reflect the remaining term and renewal or successor term then remaining, if any, with respect to this Agreement) and any ancillary documents that Franchisor requires, the terms of which may be different from those of this Agreement; or

**9.4.2** Assign this Agreement to a third party acceptable to Franchisor that meets the prerequisites to Transfer set forth in this Agreement.

**9.4.3** For purposes of this Section, "**Incapacity**" shall mean the condition of an individual who suffers from a physical or mental impairment, or a combination of both, rendering Franchisee, or its Owner, unable to substantially perform all Franchisee's obligations and duties provided of this Agreement and in the Manuals, which is verifiable by medical findings and has continued or is reasonably certain to continue for at least three (3) months without substantial improvement that would allow such individual to perform.

## **10 TERMINATION OF FRANCHISE AGREEMENT.**

**10.1 Mutual Termination.** The parties may mutually terminate this Agreement upon execution of Franchisor's then-current mutual termination agreement, which will require that Franchisee adhere to all post-termination obligations, pay any and all outstanding fees owed and may contain a calculation for liquidated damages that Franchisee must pay.

**10.2 Termination by Franchisee for Cause.** Franchisee may terminate this Agreement prior to the expiration of the Term only if Franchisor has materially breached its obligations under Section 6.1 of this Agreement, provided, however that the conditions in this Section are fully satisfied and Franchisee is itself in full compliance with this Agreement at the time of giving such notice of termination.

**10.2.1** If Franchisee believes that Franchisor has failed to adequately provide any undertaking as identified in Section 6.1 in connection with Franchisee's transition to the System, including the Integration Program, Franchisee must notify Franchisor in writing within thirty (30) days following the start of the Franchised Business or within thirty (30) days of when such services should have been performed. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that the Integration Program and all such transition efforts required to be provided by Franchisor was sufficient and satisfactory in Franchisee's judgment and to have waived any claim against Franchisor for such breach.

**10.2.2** All Rights and Obligations Upon Termination as found in Section 11 shall be effective and valid upon Franchisee's termination whether for cause or otherwise.

**10.2.3** For any other alleged material breaches by Franchisor, Franchisee shall not be permitted to terminate the Agreement. With regard to resolution of such alleged breaches, Franchisee must give Franchisor a written intent to terminate for cause specifically identifying all Defaults and providing a sixty (60) day cure period from the date of delivery of said notice to permit Franchisor to cure any Defaults, except that if any Default cannot be cured within thirty (30) days, Franchisor shall be given a reasonable time to cure such Default as long as Franchisor has initiated steps necessary to cure the Default within the sixty (60) day period. If such material breach by Franchisor is not cured within the permitted cure period, Franchisor shall have sole discretion to determine whether the Agreement should be mutually terminated.

**10.2.4** A termination of this Agreement by Franchisee for any reason other than as permitted in this Section 10.2 shall be deemed a termination by Franchisee without cause and a breach of this Agreement.

**10.2.5 Force Majeure.** Franchisor will not be liable for loss or damage, or deemed in breach of this Agreement, if its failure to perform its obligations results from any of the following cause:

1) Telecommunications and utilities interruptions (including loss of Internet and electrical service), computer malfunctions (including malfunctioning computer hardware and software and peripherals), extreme weather and climatic conditions (including hurricanes, cyclones, and flooding), transportation shortages or inadequate supply of equipment, merchandise, labor, material, or energy;

2) War, acts of terrorism, strikes, riots, acts of God, such as natural disasters including hurricane, flooding, storms, explosions, infestations, epidemic or pandemic (specifically including COVID-19 or any similar or future related health issue); and

- 3) Any cause beyond its control.

Any onsite services or delay in performance resulting from any of said causes extends the time for performance accordingly or excuses performance, in whole or in part, as may be reasonable. Without limiting the generality of the foregoing, Franchisee acknowledge that services involving, or depending upon, computers or the internet may be unreliable and that service interruptions thus will occur even in the exercise of the greatest care. Accordingly, the Parties disclaim any representations, warranties, and covenants-express or implied-that the services it is obligated to perform that involve, or depend upon, using computers, software, or the Internet will be provided free from interruption or malfunction.

**10.3 With Notice and Opportunity to Cure.** The following provisions are in addition to, and not in limitation of, any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies.

**10.3.1** Except as otherwise provided elsewhere, this Agreement shall terminate upon Franchisee's failure to cure any default under this Agreement or violation of System Standards within the specified days identified below after notice thereof is delivered to Franchisee. In the event such default cannot reasonably be corrected within the days specified as deemed in Franchisor's sole but reasonable discretion, Franchisee shall undertake diligent efforts to comply and to furnish proof acceptable to Franchisor of such efforts within such period; provided, however, that in no event shall Franchisee's cure period exceed a total of 45 days.

**10.3.2** Defaults subject to a 15-day cure period include:

- 1) Franchisee fails to make any payment of money owed to Franchisor when due or fails to submit to Franchisor when due any report required pursuant to this Agreement. At Franchisor's election, in lieu of or in addition to termination, Franchisor may institute legal proceedings to recoup any outstanding money owed as provided in this Agreement.
- 2) Franchisee fails to permit Franchisor or its representative or agents to examine or audit Financial Records or Other Business Records as contained in this Agreement.
- 3) Failure to open the Primary Location by the Open Date or within six (6) months of this Agreement's Effective Date.
- 4) Franchisee defaults in the performance of any of the obligations assumed under Section 7 of this Agreement (except as may be specifically referred to above).

**10.3.3** Franchisee fails to comply with System Standards, perform any obligation assumed by it under this Agreement or as required in the Manuals other than those specifically referred to above and fails to cure fully such Default with 30 days following notice to Franchisee. For the avoidance of doubt, failing to identify an approved Location for the Franchised Business is subject to a 30-day cure period.

**10.4 Termination by Franchisor with Notice and No Opportunity to Cure.** The following provisions are in addition to, and not in limitation of, any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies. This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following Defaults:

**10.4.1** Franchisee becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, makes an assignment for the benefit of creditors, files a petition under any foreign, state

or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and is not resolved favorably within 90 days. Further, if Franchisee rejects the Franchise Agreement in accordance with Bankruptcy Code provisions, whether explicitly or implicitly by failing to timely assume the obligations of this Agreement, such rejection will be deemed a de facto termination as of the date of such rejection.

**10.4.2** Franchisee has made any material misrepresentation or omission in the application for appointment as a Franchisee or in any report that Franchisee submits to Franchisor during the Term pursuant to this Agreement.

**10.4.3** Franchisee or any Owner is indicted by a grand jury or convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages, or is repeatedly alleged to engage, in conduct (such as fraud) that reflects materially and unfavorably upon the operation and reputation of Franchisor, the System or the Franchised Business.

**10.4.4** Franchisee attempts to make or makes an unauthorized assignment, encumbrance or other Transfer of Franchisee's rights or obligations under this Agreement or attempts to make a Transfer without complying with all of the prerequisites to Transfer set forth in Section 9.2 of this Agreement.

**10.4.5** Franchisee is a party to any other agreement with Franchisor or its affiliates that is terminated for Franchisee's breach thereof subject to that agreement's terms, which shall include, but not be limited to, another franchise agreement associated with another franchise system.

**10.4.6** The real estate broker license of Franchisee or Franchisee's managing broker is suspended or revoked, and such license or a substitute license has not been reinstated within seven (7) days thereafter.

**10.4.7** Franchisee violates trust account rules and regulations.

**10.4.8** Franchisee violates any of the non-competition covenants of this Agreement.

**10.4.9** Franchisee jeopardizes the goodwill of the Marks, the Franchised Business, the System, or the reputation of Franchisor including the unauthorized use of the Marks or of the Confidential Information or makes any duplication or disclosure of any Confidential Information or contents of the Manuals.

**10.4.10** Franchisee fails on two (2) or more separate occasions during any 12-month period to comply with the terms of this Agreement or with any mandatory System Standards or specifications, that Franchisor may prescribe from time to time, regardless of whether such failures to comply relate to the same or different requirements of this Agreement.

**10.4.11** Franchisee repeatedly conducts itself in an unprofessional and/or abusive manner to Franchisor, other JPAR franchisees and/or customer(s) as determined by Franchisor in its sole but reasonable discretion and Franchisee has received two (2) prior written notices of such misconduct by Franchisor during the franchise relationship (whether under this Agreement or any prior or subsequent franchise agreement).

**10.4.12** Franchisee has abandoned a Location and/or the Franchised Business without prior written consent of Franchisor. For purposes of this provision, "Abandon" shall mean closure of a Location for a period of seven (7) consecutive days. A repeated pattern of closures of a Location for periods of less than seven (7) consecutive days may result in the Location being deemed Abandoned if in

the sole judgment of Franchisor such closure adversely impacts the Franchised Business. A Location shall not be deemed Abandoned if the closure is due to “acts of God” or other matters beyond the reasonable control of Franchisee (e.g., act of war, labor strike, terrorist threat, earthquake, hurricane, etc.; other than Franchisee’s inability to procure money), provided that Franchisee gives notice of any such closure to Franchisor within ten (10) days after the initial occurrence of the event resulting in such closure and Franchisor acknowledges in writing that such closure is due to one of the foregoing causes (subject to its reasonable discretion) and provided further that Franchisee shall re-establish the Franchised Business and be fully operational in such Location or another Location approved by Franchisor within one hundred twenty (120) days after the initial occurrence of the event resulting in such closure or such longer period as Franchisor may permit.

**10.4.13** Franchisee fails to conduct, report and pay on a minimum of the Annualized Transaction Threshold (as identified on the Data Sheet as may be increased in accordance with Agreement) over any calendar year period beginning with the first full calendar year of the Term.

**10.4.14** Franchisee has knowingly (as determined by Franchisor in its discretion) either inaccurately reported or withheld the reporting of any Gross Revenues twice within twelve (12) consecutive calendar months. An Owner having a 10% or greater equity interest in Franchisee has knowingly and directly caused or authorized Franchisee to either inaccurately report or withhold the reporting of any Gross Revenues.

**10.4.15** Whether knowingly or not, Franchisee reports Gross Revenue of the Franchised Business for any period of twelve (12) months or longer as being less than the actual Gross Revenue for the same period by three percent (3%) or greater.

**10.4.16** Franchisee fails to conduct the Franchised Business in accordance with all applicable laws and regulations, including paying all applicable taxes. This shall not prevent Franchisee from contesting in good faith the validity or applicability of any purported legal obligation to the extent and in the manner permitted by law.

**10.5** **No Waiver.** The description of any Default in any notice served upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, hearing or suit relating to this Agreement or the termination hereof.

**10.6** **Extended Cure Period.** Notwithstanding anything contained herein to the contrary, including, in those circumstances under which Franchisor shall have the right to terminate this Agreement, Franchisor shall have the right, to be exercised in its sole and absolute discretion, to grant to Franchisee, in lieu of immediate termination of this Agreement, an extended period of time to cure the breach that gave rise to Franchisor’s right to terminate, but in no event shall such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Franchisee acknowledges that Franchisor’s election to grant such an extended cure period to Franchisee shall not operate as a waiver of any of Franchisor’s rights hereunder and shall not be deemed course of conduct or precedent for such actions in the future.

## **11 RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION**

**11.1** **Payment of Amounts Owed to Franchisor.** Franchisee shall promptly pay to Franchisor within five (5) days after the effective date of termination or expiration of this Agreement all sums owing, including any amounts owed under any outstanding loan agreement or promissory note. Termination or expiration of this Agreement under any circumstances shall not relieve Franchisee of any debt, obligation, or liability of Franchisee to Franchisor that may have accrued hereunder.

**11.2 Disaffiliation with Franchised Business.** Franchisee shall assist Franchisor in every way possible to bring about an immediately effective, complete, and orderly transfer of the Franchised Business. Franchisee specifically agrees that as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers and directory listings associated with any Mark. Franchisee thus agrees to cooperate fully with Franchisor to assign immediately to Franchisor any and all business telephone numbers used by Franchisee and/or Franchisee's employees in connection with the Franchised Business. Such cooperation specifically includes that within five (5) days of transfer, termination or expiration of this Agreement, Franchisee must notify the telephone company and all online and other directory listing agencies, including those on the Internet, of the termination of Franchisee's right to use any telephone number and any classified or other telephone directory listing associated with the Marks and shall authorize transfer of same to franchisor or any third party designated by Franchisor.

**11.3 Marks and Proprietary Information.** After the termination or expiration of this Agreement, Franchisee shall:

**11.3.1** Immediately discontinue the use of any elements associate with the System.

**11.3.2** Immediately discontinue the Marks and the Firm Name, including termination of any state filings related to fictitious or assumed names as well as cease use of any other names, marks or signs that may be confusingly similar thereto.

**11.3.3** Immediately cease use of, and maintain the confidentiality of, all Confidential Information furnished to Franchisee pursuant to this Agreement or in connection with the operation of the Franchised Business.

**11.3.4** Take affirmative steps to immediately remove all references on the Internet that identify Franchisee and its business (or former business) as being associated or affiliated with the Marks, the System or Franchisor in any way whatsoever, including but not limited to directory listings, contact information or association listings, or on any website, blog, vlog, social network or other on-line venue or communication on the Internet.

**11.3.5** Immediately discontinue and return to Franchisor all supplies and materials containing any reference to Franchisor or the Marks, and to cancel any pending advertising and discontinue future advertising, print and online, which refers to or connotes any relationship, whether current or past, between Franchisee and Franchisor.

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

**11.3.7** Immediately discontinue and return to Franchisor any materials created by Franchisee during the Term of this Agreement containing any Marks or other proprietary or Confidential Information of Franchisor whether copyrighted or not and whether changed, improved, and further developed from time to time by Franchisee. This shall include the return to Franchisor (at Franchisee's expense) the Manuals and any other materials that have been loaned to Franchisee, including copies of, or any component thereof, in any form.

**11.4 No Association with Franchisor or System.** Franchisee shall not directly or indirectly at any time or in any manner identify Franchisee, its Owner or any business with which Franchisee or its Owner is

affiliated, as a current or former franchisee or licensee of Franchisor, or as otherwise associated with JPAR or the System, or use any license issued to Franchisor or any Mark, any imitation thereof or other indicia in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with Franchisor.

**11.5 Cancel Firm Name.** Franchisee shall take such action as may be required to terminate or cancel any state or jurisdictional registration or filing of its Firm Name, including any “doing business as” or assumed name or trade or fictitious or equivalent name or any other registration or filing containing the Marks so as to delete the Marks and all references to anything associated with the System, the Franchised Business or the JPAR Business.

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

**11.7 Software.** Franchisee shall immediately discontinue the use of any proprietary software, if any.

**11.8 Other Efforts.** Comply with all further post termination requirements as may be set forth in this Agreement and the Manuals.

**11.9 Non-Competition Covenants.** Franchisee acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and trade secrets, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of the System. In consideration for the use and license of such valuable information, Franchisee agrees to abide by this Section.

#### **11.9.1 Definitions.**

1) Unless otherwise specified, the term “**Franchisee**” as used in this Section shall include, collectively and individually, all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a Legal Entity; and the general partners and any limited partner (including any corporation and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of securities, or a Legal Entity that controls, directly or indirectly, any general or limited partner, if Franchisee is a partnership.

2) “**Restricted Person**” shall mean Franchisee (the Legal Entity), and each of its Owners, and the respective officers, directors, and managers of each of them, and the spouse and family members who live in the same household of each of the foregoing who are individuals.

3) “**Competitive Business**” shall mean any business (or division of a business) where five percent (5%) or more of its sales include services similar to that offered by the Franchised Business.

**11.9.2 Covenants.** Franchisee acknowledges that Franchisor has granted Franchisee the right and license to operate the Franchised Business in consideration of and in reliance upon its agreement to deal exclusively with Franchisor in the real estate brokerage industry. The intention of the parties in this

Section is to limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. Franchisee therefore agrees to the following:

- 1) During the Term of this Agreement, no Restricted Person shall directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation:
  - a) Have any direct or indirect, controlling or non-controlling interest as an owner - whether of record, beneficial or otherwise - in a Competitive Business, wherever located or operating;
  - b) Perform services as a director, officer, manager, employee, consultant, representative or agent, or in any other capacity, for a Competitive Business, wherever located or operating, which shall preclude any Restricted Person from acting as a real estate broker or agent with respect to any business other than the Franchised Business,
  - c) Directly or indirectly loan any money or other thing of value to, or guarantee any other person's loan to, any Competitive Business or any owner, director, officer, manager, employee or agent of any Competitive Business, wherever located or operating; or
  - d) Divert or attempt to divert any actual or potential business or customer of the Franchised Business to a Competitive Business.
  - e) Perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Service Marks or the System.

It is the intention of the parties that Franchisee maximize the Gross Revenues of the Franchised Business for the mutual benefit of Franchisor and Franchisee, and any action of Franchisee that diverts business to another entity or diminishes the Gross Revenues of the Franchised Business shall be a material breach of this Agreement.

- 2) Commencing upon the date of a Transfer permitted under this Agreement and continuing for an uninterrupted period of 6 months thereafter, no Restricted Person shall, without Franchisor's prior written consent, directly or indirectly, on behalf of, or in conjunction with any person, persons, or Legal Entity:
  - a) Own, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any Competitive Business at any location within a radius of twenty-five (25) miles from (a) any Location(s) described in the Data Sheet in which Franchisee's Business is located; or (b) any location operating a JPAR Business whether another franchisee's location or owned by Franchisor or its affiliate based on where the JPAR Business is operating as of the date of expiration or termination of this Agreement.
  - b) Solicit or perform services for any prior customer of the Franchised Business or any customer of any other JPAR franchisee or an affiliate of Franchisor. Nor shall such Restricted Person solicit business from any referral source or marketing contact generated by the goodwill associated with the JPAR Franchised Business.

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

1) **Independent Enforcement.** The foregoing covenants shall be construed independently of any other covenant or provision in the Franchise Agreement. The parties hereby expressly agree that if the scope of enforceability of the provision is disputed at any time by Franchisee, a court may modify this Section to the extent that it deems necessary to make such provision enforceable under applicable law. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated and made a part of the Franchise Agreement.

2) **Compliance Period.** In the event that Franchisee engages in the activities prohibited in this Section in violation of said covenant, said 6 month period of non-competition shall extend beyond the 6 month anniversary date of termination or expiration of the Agreement for a period of time equal to the duration of Franchisee's violation of said covenant, but only to the extent necessary to insure that Franchisee refrains from competition for a full 6 months period and not longer. In the event Franchisor seeks an injunction in court to enforce the covenant to compete, the time period during which competition is restrained shall not begin to run until the earlier of: (1) the date Franchisor obtains said injunction; or (2) the date Franchisee begins to comply with the covenant not to compete.

**11.9.4 Covenants to be Signed by Other Employees.** Franchisor reserves the right to require Franchisee's managers, employees, independent contractors and all other personnel receiving training from Franchisor to execute similar covenants in a form satisfactory to Franchisor.

**11.9.5 Modification of Covenants.** Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant or obligation of Franchisee set forth in the Franchise Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply with any covenant as to modified, which shall be fully enforceable.

## 12 DISPUTE RESOLUTION

**12.1 Choice of Law.** This Agreement shall be interpreted and construed under the laws of the State of Texas. In the event of any conflict of law, the laws of Texas shall prevail, without regard to the application of Texas of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Texas, and if the Franchised Business is located outside of Texas and such provision would be enforceable under the laws of the state in which the Franchised Business is located, then such provision shall be interpreted and construed under the laws of that state.

**12.2 Venue.** The Parties agree that any action brought by either Party against the other in any court, whether federal or state, shall be brought within the State of Texas in Collin County, or in the county where Franchisor has its place of business at the time the action is initiated, and the Parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

**12.3 Non-exclusivity of Remedy.** Except as explicitly stated in this Agreement, no right or remedy conferred upon or reserved to Franchisor or Franchisee is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

**12.4 Waiver; No Franchisee Right of Setoff.** In no event shall Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of setoff, counterclaim or defense. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

**12.5 Mediation.** Except for claims against Franchisee concerning the underreporting of Gross Revenue, for non-payment of any fee due under this Agreement, intellectual property infringement/violations, claims for violation of post-termination obligations, and for claims against Franchisee by Franchisor relating to indemnification or other third party claims or suits brought against Franchisor as a result of Franchisee's operation of the Franchised Business, the Parties pledge to consider resolving the "**Dispute**," which shall mean any controversy or claim arising out of or relating to this Agreement, pursuant to non-binding mediation conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association, unless the Parties agree on alternative rules and a mediator within 15 days after either Party first gives notice of mediation. This mediation process is voluntary and not required.

**12.5.1** The party initiating the dispute will contact the other party to provide notice and to request consent to mediation. Mediation shall be conducted within the State of Texas in the county in which Franchisor has its principal place of business at the time the action is initiated and shall be conducted and completed within 45 days following the date either Party first gives notice of mediation unless otherwise agreed to in writing by the Parties.

**12.5.2** The mediator shall be selected by the striking method, shall be a retired judge, or an attorney licensed to practice law in Texas, and shall have experience in franchise disputes, but if no mutually acceptable mediator with such experience is available, the mediator shall have experience related to complex commercial transactions. If the parties are unable to select the mediator within ten (10) business days after delivery of the mediation notice, then the parties shall request that American Arbitration Association ("AAA") designate an appropriate mediator based upon the foregoing criteria. If AAA is unable to act in the matter expeditiously, mediation shall be conducted under the auspices of any other mediation service mutually agreed to by the parties according to the mediator's procedures.

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

**12.5.4** The fees and expenses of the mediator shall be shared equally by the Parties. The mediator shall be disqualified as a witness, expert or counsel for either Party with respect to the Dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under Texas and other applicable laws.

**12.5.5** The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the Parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation.

**12.6 Disputes with Others.** Each party waives the right to assert that principles of collateral estoppel or issue preclusion prevent raising any claim or defense because either party lost a similar claim or defense in another action. Any ruling by a third-party fact finder or court in a prior proceeding in which either party was involved (such party referred to as a “Litigant”) with a third party will not prevent the Litigant from asserting similar arguments or positions in an action between the parties to this Agreement.

**12.7 WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.**

**12.8 Limitation of Damages.** Except as explicitly provided in this Agreement, for any claim concerning performance or non-performance by either Party pursuant to, or in any way related to the subject matter of this Agreement, any Party’s sole liability, if any, shall be limited by actual damages. For any claim that arises out of or in connection with this Agreement, whether such claim is in contract, tort or otherwise, except as otherwise explicitly provided herein, under no circumstances shall either party be liable for indirect, exemplary, incidental, consequential, aggravated or punitive damages, including, but not limited to, loss of anticipated income, profits or savings, or loss resulting from business interruption.

**12.9 Limitation of Claims.** Except for claims against Franchisee concerning the underreporting of Gross Revenue, for non-payment of any fee due under this Agreement, intellectual property infringement/violations, claims for violation of post-termination obligations, and for claims against Franchisee by Franchisor relating to indemnification or other third party claims or suits brought against Franchisor as a result of Franchisee’s operation of the Franchised Business, any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee’s operation of the Franchised Business, brought by either Party against the other, shall be commenced within one year (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred. The Parties hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that if of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

**12.10 Liquidated Damages.** In the event Franchisee terminates this Agreement prior to expiration of the Term (which will mean any termination of the Agreement before the Expiration Date, other than a mutual termination under Section 10.1 or termination by you under Section 10.2), Franchisee shall be responsible to pay Franchisor liquidated damages. The parties agree that it would be impracticable or extremely difficult to calculate the actual amount you would have been obligated to pay for Periodic Fees and any other fees due under this Agreement through the Expiration Date and that the following method of calculation represents a fair and reasonable estimate of Franchisor’s damages: liquidated damages will be equal to the sum of all monthly Brokerage In A Box Fees payable from the date of early termination through the Expiration Date plus the combined monthly average of Transaction Fees, Annual Dues, and Referral Fees (without regard to any fee waivers or other reductions) payable from the Open Date through the date of early termination , multiplied by the number of full months remaining in the Term.

**12.11 Calculation of Damages.** If Franchisee fails to make any payment of money owed to Franchisor when due or fails to submit to Franchisor when due any report required pursuant to this Agreement, and such default is not fully cured within fifteen (15) days after Franchisor gives notice of such default, Franchisor may commence other legal proceedings as provided herein to recoup the outstanding debt. In the event Franchisee has

failed to submit timely reports upon which the outstanding debt can be properly calculated, Franchisor may calculate amounts due based on Franchisee's average monthly Gross Revenue as determined by the preceding eighteen (18) month period. In the event Franchisor chooses to utilize this aforementioned remedy, it in no way waives the right to terminate this Agreement.

**12.12 Additional Remedies for Breach.** Franchisee acknowledges that if Franchisee breaches this Agreement and/or improperly discloses proprietary information and/or continues to utilize the Marks or Confidential Information at such times when Franchisee is not legally entitled to use them or breaches the provisions of the covenants not to compete, Franchisor shall not have a sufficient and adequate remedy at law to render it whole. Therefore, Franchisee expressly consents and agrees that Franchisor may, in addition to any other available remedies, obtain an injunction and/or temporary restraining order to terminate or prevent the continuation of any existing default or violation, and to prevent the occurrence of any threatened default or violation by Franchisee of this Franchise Agreement.

**12.13 Costs of Enforcement or Defense.** Except as the mediation process, if Franchisor or Franchisee is required to enforce this Agreement, in any forum, judicial proceeding or appeal thereof, the party prevailing in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accounting and attorneys' fees (whether such fees be incurred by outside counsel or a staff attorney), administrative charges, and any other costs and expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of this Agreement. No sum for attorneys' fees shall be counted and calculated in the amount of judgment for purposes of determining whether a Party is entitled to recover its costs or attorneys' fees.

**12.13.1** If Franchisor incurs any other expense in connection with Franchisee's failure to pay when due amounts owing to Franchisor; to submit when due any reports, information or supporting records; failure to comply with post-termination obligations, including the covenant not to compete; or any other failure to comply with this Agreement, Franchisee shall reimburse Franchisor for any such costs and expenses that it incurs including but not limited to attorneys' and accounting fees and collection agency fees. Further, all outstanding amounts due to Franchisor shall, at Franchisor's election, accrue interest at a per annum rate of one-and-a-half percent (1½ %) per month or the maximum permitted by law, whichever is greater, to compensate Franchisor for costs incurred when payments or reports are received late.

**12.14 Survival.** All rights and obligations contained in this Agreement that expressly or by their nature survive the transfer, expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the transfer, expiration or termination of this Agreement until they are satisfied in full or by their nature expire.

## **13 GENERAL**

**13.1 Grammar, Section Headings and Schedules.** The singular of any noun or pronoun shall include the plural, or vice versa, wherever the context requires. Section headings are for convenience of reference only and shall not be construed as part of this Agreement nor shall they limit or define the meaning of any provision of this Agreement. The terms of all Schedules attached to this Agreement are incorporated into this Agreement by reference.

**13.2 Non-Waiver.** No failure by either Party to take action on account of any default of the other Party, or of a similar default of another franchisee, whether in a single instance or repeatedly, and no course of dealing of the Parties or by Franchisor with other franchisees in variance with the terms hereof constitutes a waiver of any such default or of the performance required of either Party by this Agreement. No express waiver by either Party of any provision or performance under this Agreement or of any default by the other Party constitutes a

waiver of any other or future provision, performance or default. No waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving Party. Franchisor may in its discretion elect from time to time to waive obligations of Franchisee under this Agreement upon such terms and conditions as Franchisor determines in its discretion. No acceptance of performance or payments from Franchisee shall be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms or conditions of this Agreement. No mediation shall delay, suspend, or prevent either Party from exercising its right to terminate this Agreement at the time and in the manner set forth in Section 10 of this Agreement.

**13.3 Invalidity and Severability.** If any provision of this Agreement is determined to be invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision shall be deemed modified to the extent necessary to render the same valid, or as not applicable to the given circumstances, or to be excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provision had been included in this Agreement as so modified in scope or application, or had not been included in this Agreement, as the case may be, it being the stated intention of the Parties that had they known of such invalidity or unenforceability at the time of entering into this Agreement, they would have nevertheless contracted upon the terms contained in this Agreement, either excluding such provisions, or including such provisions only to the maximum scope and application permitted by law, as the case may be.

**13.4 Notices.** All notices shall be in writing and shall be served in person, by overnight delivery or express mail, by certified mail or by electronic transmission delivery. Service shall be deemed conclusively made: (i) at the time of service, if personally served; (ii) twenty-four (24) hours (exclusive of weekends and national holidays) after delivery if by overnight delivery or express mail; (iii) upon the earlier of actual receipt or three (3) calendar days after deposit in the United States regular mail, properly addressed and postage prepaid, return receipt requested; and (iv) one (1) business day after email or other electronic transmission.

Any notice or demand to Franchisor shall be given to:

JPAR Franchising LLC d/b/a JPAR  
5045 Lorimar Dr, Ste 180  
Plano, Texas 75093  
Email: franchisesupport@jpar.com

Any notice to Franchisee shall be given at the address appearing on the Data Sheet, unless and until a different address has been designated by written notice to the other Party. Any Party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other Party.

**13.5 Entire Agreement.** This Agreement, any documents executed contemporaneously herewith that expressly reference this Agreement and any documents referred to in this Agreement constitute and contain the entire Agreement and understanding of the Parties with respect to the subject matter hereof. There are no representations, undertakings, agreements, terms, or conditions not contained or referred to in this Agreement. This Agreement supersedes and extinguishes any prior written agreement between the Parties relating to the subject matter hereof, provided that it shall not abrogate, impair, release or extinguish any debt, obligation or liability otherwise existing between the Parties. This Agreement may not be modified or amended except by a written amendment executed by both Parties. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Franchisee in the Franchise Disclosure Document.

**13.6 Joint and Several Liability.** If Franchisee consists of more than one person, Owner or Legal Entity, or a combination thereof, the obligation and liabilities to Franchisor of each such person, Owner, or Legal Entity are joint and several.

**13.7 Relationship of Parties.** Nothing contained in this Agreement shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or employment, or a fiduciary relationship, and Franchisee shall not hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of Franchisor or any affiliate of Franchisor. With respect to all matters pertaining to the operation of the Franchised Business, Franchisee is, and shall be, an independent owner of its business, shall be in full control of its day-to-day operations, and shall conduct such business in accordance with its own judgment and discretion, subject the provisions of this Agreement and any applicable Manual to the extent necessary for Franchisor to protect the integrity of the Marks and the System.

**13.7.1** Neither Franchisor nor Franchisee has the right to bind or obligate the other to any obligations or debts. Neither Party hereto shall be obligated by, or have any liability for, any agreements, representations or warranties made by the others nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of the Franchised Business, whether caused by Franchisor's negligent or willful action or failure to act.

**13.7.2** Franchisor is not the employer of Franchisee, Owners or any of its employees, brokers or independent sales agents. At all times, Franchisee will hold itself and the Franchise Business out to be independently owned and operated. Any education, support, advice or resources Franchisor provides to Franchisee in connection with the Franchised Business is solely for the purpose of protecting the Marks and goodwill associated with the System and assisting Franchisee in the operation of the Business, and not for the purpose of controlling or in any way exercising or exerting control over Franchisee's decisions or the day-to-day operation of the Franchised Business, including Franchisee's personnel-related decisions.

**13.7.3** Franchise must conspicuously disclose in the Locations, in Franchisee's real estate sale documents, listing agreements and on all business cards, stationery, and in all advertisements and in all other printed or recorded material Franchisee or its employees and independent sales agents use, that Franchisee is an independently owned and operated and is not Franchisor's agent and is not owned by Franchisor. Franchisee expressly understands that it will be an independent contractor and must hold itself out to the general public as such. This Agreement does not make Franchisee Franchisor's agent, legal representative, joint venture, partner, employee or servant for any purpose. Franchisee is not authorized to make or promise any contract, agreement, warranty or representation on Franchisor's (or its affiliated entities') behalf, or to create any express or implied obligation on Franchisor's behalf. Franchisee is not authorized to accept service of process or legal notices directed to Franchisor. Franchisee acknowledges that this Agreement does not create a fiduciary relationship, and the relationship between the parties is not, and is not intended to be, a fiduciary relationship.

**13.7.4** Franchisor has no right or obligation to pay Franchisee's commissions, taxes, wages or other expenses or, to regulate or participate in the retention, or disaffiliation of Franchisee's independent agents or employees or to determine or limit the parties from whom Franchisee accept listings, or for whom or to whom Franchisee may sell property, the commission rates charged, commission splits with independent agents, working conditions, the manner or details of work performed by Franchisee, its brokers, independent agents or employees, except as may be necessary to protect the Marks and goodwill associated with the System, and Franchisee agrees that it is solely responsible for these items (regardless of any advice, education or resources Franchisee may receive from Franchisor). Further, Franchisee agrees that it is solely responsible for the day-to-day operation of the Franchised Business according to its own judgment, and in accordance with this Agreement and the mandatory provisions in the Manuals.

**13.8 Compliance with Applicable Franchise Law.** If any applicable statute, law, rule regulation, ordinance, policy and procedure established by any governmental authority, governing the operation of the Franchised Business as in effect on the Effective Date, as may be amended, supplemented or enacted from time to time (“**Applicable Franchise Law**”) requires a greater prior notice of the termination of, or refusal to renew, this Agreement than is required under this Agreement, the prior notice or other action required by such Applicable Franchise Law shall be substituted for the notice or other requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions. Franchisor reserves the right to challenge the applicability of any such Applicable Franchise Law.

**13.9 Covenant of Good Faith.** If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, Franchisees and its Owners agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with its explicit rights and obligations under this Agreement that may favorably or adversely affect Franchisee’s or Owner’s interests; (ii) Franchisor will use its judgment in exercising the discretion based on its assessment of its own interests and balancing those interests against the interests of JPAR franchisees generally (including Franchisor and its affiliates if applicable), and specifically without considering Franchisee’s individual interests or the individual interests of any other particular franchisee; (iii) Franchisor will have no liability to Franchisee for the exercise of its discretion in this manner, provided the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for Franchisor’s judgment so exercised.

**13.10 Counterparts and Electronic Copies.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

**13.11 Franchise Disclosure Document.** Franchisee acknowledges that Franchisee and its Owners received a copy of the complete JPAR Franchising LLC Franchise Disclosure Document for the JPAR Franchised Business that contains a copy of this Agreement, at least 14 calendar days prior to the earlier of: 1) date on which this Franchise Agreement or any other agreements with Franchisor were signed; and 2) the payment of any consideration by or on behalf of Franchisee to Franchisor or any of Franchisor’s affiliates, relating to the Franchises Business.

**13.12 Atypical Terms.** Franchisee and its Owners acknowledge and agree that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time and those offers may have different terms, conditions, and obligations than the terms, conditions, and obligations in this Agreement. Franchisee and its Owners further acknowledge and agree that Franchisor has made no warranty or representation that all Franchise Agreements previously issued or issued after this Agreement by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Franchise Agreements previously executed or executed after the Effective Date with other franchisees in a non-uniform manner.

**13.13 Anti-Terrorism Laws.** Franchisee shall comply with, and/or assist Franchisor to the fullest extent possible in Franchisor’s efforts to comply with the “**Anti-Terrorism Laws**,” which shall mean Executive Order 13224 issued by the President of the United States, the USA Patriot Act, and all other present and future

federal, state, and local laws, ordinances, regulations, policies, lists, and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war. Franchisee and its Owners certify, represent and warrant that none of their property or interests is subject to being blocked under any of the Anti-Terrorism Laws and that neither Franchisee nor its Owners are otherwise in violation of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's employees or any "blocking" of Franchisee's assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements Franchisee has entered into with Franchisor or any of its affiliates, in accordance with the provisions of this Agreement. Franchisee shall notify Franchisor by telephone within 24 hours and confirm in writing within 2 days after receiving notice of an investigation or violation of any Anti-Terrorism Laws and notify Franchisor in writing within 3 days of the commencement of any other litigation or proceeding that may adversely affect the operation or financial condition of the Franchised Business.

**13.14 State Specific Addenda.** The state specific addenda included as the multi-state or state-specific addenda to the franchise disclosure document and this Agreement are an integral part of this Agreement. If Franchisee is domiciled or a resident of one of these states, the applicable state law addendum included amends this Agreement.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the date first shown above.

**FRANCHISOR:**

JPAR Franchising, LLC

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## SCHEDULE 1 DATA SHEET

1. **Franchisee:** \_\_\_\_\_ Schedule 2 attached hereto identifies a true and correct representation of the current ownership of Franchisee.

2. **Franchise Firm Name:** JPAR® - \_\_\_\_\_

3. **Franchise Program Selected** (indicate one):

\_\_\_\_\_ CONVENTIONAL-GROW PROGRAM

\_\_\_\_\_ CONVENTIONAL-GROW PROGRAM with Compliance Platform

\_\_\_\_\_ +JPAR-FLEX PROGRAM

\_\_\_\_\_ +JPARFLEX with Compliance Platform

4. Initial Term for the Franchise Agreement is for the following number of years.

\_\_\_\_\_ 10 years (GROW or FLEX Program)

\_\_\_\_\_ 5 years (GROW Program only)

\_\_\_\_\_ 6 years (FLEX Program only)

\_\_\_\_\_ 3 years (FLEX Program only)

4.5. **Initial Franchise Fee** for the Locations identified in paragraph 5 below is: \_\_\_\_\_.

| <b>Program Type</b>                           | <b>Initial Franchise Fee</b> |
|-----------------------------------------------|------------------------------|
| Conventional Program                          | <b>\$25,000</b>              |
| Conventional Program with Compliance Platform | <b>\$27,500</b>              |
| +JPAR Program                                 | <b>\$30,000</b>              |
| +JPAR Program with Compliance Platform        | <b>\$30,000</b>              |

### Conventional Program:

The Initial Franchise Fee for a future Additional Location is the same as outlined above for the program selected in Section 3 of this Data Sheet, above unless an office is being added under the Schedule 5 Rapid Expansion Pprogram addendum. -\$25,000.

The Initial Franchise Fee for a future Restricted Purpose Location is \$1,000.

Conventional Program with Compliance Platform:

The Initial Franchise Fee for a future Additional Location is \$27,500.

~~The Initial Franchise Fee for a future Restricted Purpose Location is \$1,000.~~

+JPAR Program (either with or without the Compliance Platform):

The Initial Franchise Fee for a future Additional Location is \$30,000.

~~The Initial Franchise Fee for a future Restricted Purpose Location is \$1,000.~~

**5.6. Locations.** As referenced in Section 2.1 of the Franchise Agreement, the following locations approved include:

- a) Primary Location shall be:
- b) Additional Locations shall include:
- c) Rapid Expansion ~~Restricted Purpose~~ Locations shall include:

**6.7. Agreement Effective Date.** ~~As referenced in Section 3.1, the Term of this The~~ Agreement is effective as of ~~shall commence on~~ the following date: \_\_\_\_\_.

**7.8. Open Date.** As referenced in Section 2.2 and Section 3.1 of the Agreement, the Open Date by which Franchisee hereby agrees to commence operations hereunder shall be no later than \_\_\_\_\_.

**8.9. Brokerage In A Box Fees.** Subject to Section 4.2. of the Agreement and depending upon the Franchise Program identified in Section 3 of this Data Sheet, above, beginning on the Open Date, Franchisee must begin to pay a Brokerage In a Box Fee per Location as follows~~in the amount of:~~

| <u><b>GROW Program</b></u><br><u><b>Monthly Brokerage In A Box Fee</b></u> |                     |                                              |
|----------------------------------------------------------------------------|---------------------|----------------------------------------------|
| <u>Year</u>                                                                | <u>GROW Program</u> | <u>GROW Program with Compliance Platform</u> |
| <u>1</u>                                                                   | <u>\$1,500</u>      | <u>\$1,750</u>                               |
| <u>2</u>                                                                   | <u>\$2,250</u>      | <u>\$2,625</u>                               |
| <u>3</u>                                                                   | <u>\$3,000</u>      | <u>\$3,500</u>                               |
| <u>4 or at 50 agents, whichever occurs first</u>                           | <u>\$3,750</u>      | <u>\$4,375</u>                               |

**Monthly Brokerage In A Box Fee**

| Year                                                 | Conventional Program | Conventional Program with Compliance Platform | +JPAR Program | +JPAR Program with Compliance Platform |
|------------------------------------------------------|----------------------|-----------------------------------------------|---------------|----------------------------------------|
| 1                                                    | \$1,500              | \$1,750                                       | \$1,750       | \$2,000                                |
| 2                                                    | \$2,250              | \$2,625                                       | \$2,625       | \$3,000                                |
| 3                                                    | \$3,000              | \$3,500                                       | \$3,500       | \$4,000                                |
| <del>4 or at 50 agents, whichever occurs first</del> | \$3,750              | \$4,375                                       | \$4,375       | \$5,000                                |

For greater certainty, when you reach 50 agents, the monthly Brokerage In A Box Fee increases to the Year 4 level, even if achieved prior to that year.

Total monthly Brokerage In A Box Fee for all Locations shall be: \_\_\_\_\_.

**9.10. Transaction Fee and Transaction Threshold.** As referenced in Section 4.3, Franchisee shall pay a Transaction Fee for each Transaction ~~beyond the Transaction Threshold~~ as follows.

| <u>GROW Program Transaction Fee</u> |                     |                                              |
|-------------------------------------|---------------------|----------------------------------------------|
|                                     | <u>GROW Program</u> | <u>GROW Program with Compliance Platform</u> |
| <u>Transaction Fee</u>              | <u>\$150</u>        | <u>\$175</u>                                 |

\* In the GROW Program, you will not pay to us any Transaction Fee until after you meet the monthly Transaction Threshold as outlined in the following table.

| <u>GROW Program Transaction Threshold per Reporting Period</u> |                     |                                              |
|----------------------------------------------------------------|---------------------|----------------------------------------------|
| <u>Year</u>                                                    | <u>GROW Program</u> | <u>GROW Program with Compliance Platform</u> |
| <u>1</u>                                                       | <u>11</u>           | <u>11</u>                                    |
| <u>2</u>                                                       | <u>16</u>           | <u>16</u>                                    |
| <u>3</u>                                                       | <u>21</u>           | <u>21</u>                                    |
| <u>4 or at 50 agents, whichever occurs first</u>               | <u>26</u>           | <u>26</u>                                    |

\* In the GROW Program, you will not pay to us any Transaction Fee until after you meet the Transaction Threshold per Reporting Period, as outlined in the above table. Where permitted, each “side” is considered a Transaction.

In the FLEX Program, you will pay the Transaction Fee on every Transaction without any Transaction Threshold, as follows:

| <b>Transaction Fee</b> |                      |                                               |               |                                        |
|------------------------|----------------------|-----------------------------------------------|---------------|----------------------------------------|
|                        | Conventional Program | Conventional Program with Compliance Platform | +JPAR Program | +JPAR Program with Compliance Platform |
| Transaction Fee        | \$150                | \$175                                         | \$175         | \$200                                  |

| <b><u>FLEX Program Transaction Fee</u></b> |                     |                                              |
|--------------------------------------------|---------------------|----------------------------------------------|
|                                            | <u>FLEX Program</u> | <u>FLEX Program with Compliance Platform</u> |
| <u>3 year term Transaction Fee</u>         | <u>\$175</u>        | <u>\$220</u>                                 |
| <u>6 year term Transaction Fee</u>         | <u>\$165</u>        | <u>\$200</u>                                 |
| <u>10 year term Transaction Fee</u>        | <u>\$155</u>        | <u>\$180</u>                                 |

Where permitted, each “side” is considered a Transaction.

Each “side” of a transaction (Buyer or Seller) shall be considered a separate Transaction. This Transaction Fee also includes lease transactions (Lessor or Lessee side).

The Transaction Fee for all Locations shall be: \_\_\_\_\_.

~~The Transaction Fee is assessed after Franchisee achieves the monthly Transaction Thresholds as follows:~~

| <b>Transaction Threshold per Reporting Period</b> |                      |                                               |               |                                        |
|---------------------------------------------------|----------------------|-----------------------------------------------|---------------|----------------------------------------|
| Year                                              | Conventional Program | Conventional Program with Compliance Platform | +JPAR Program | +JPAR Program with Compliance Platform |
| <del>1</del>                                      | <del>11</del>        | <del>11</del>                                 | <del>11</del> | <del>11</del>                          |

|                                           |    |    |    |    |
|-------------------------------------------|----|----|----|----|
| 2                                         | 16 | 16 | 16 | 16 |
| 3                                         | 21 | 21 | 21 | 21 |
| 4 or at 50 agents, whichever occurs first | 26 | 26 | 26 | 26 |

**10.11. Annual Dues or Agent Monthly Dues.** As referenced in Section 4.4, Franchisee shall pay

If Franchisee has selected the GROW Program, Annual Dues on each Agent's annual anniversary date of affiliating with the Franchised Business in the amount of: \$450.00.

If Franchisee has selected the FLEX Program, Agent Monthly Dues per agent per month as follows:

| <b><u>FLEX Program</u></b><br><b><u>Monthly Agent Dues</u></b> |                                       |                                     |                                      |
|----------------------------------------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|
|                                                                | <u>FLEX Program -<br/>3 year Term</u> | <u>FLEX Program<br/>6 Year Term</u> | <u>FLEX Program<br/>10 Year Term</u> |
| <u>Per Agent Per Month</u>                                     | <u>\$89</u>                           | <u>\$79</u>                         | <u>\$69</u>                          |

**11.12. Approved Broker Management System.** As referenced in Section 7.4, the Approved Broker Management System is identified as followed:

| <b>BMS</b>                                                                                                                                                   | <b>Vendor Name &amp; Address</b> | <b>Relationship Contact, Title, Phone &amp; Email</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------|
| Compliance Platform Provider Software – Currently Dotloop for Transaction Management and Moxi Balance for Back Office and Commission Disbursement accounting | Franchisor under license         | Franchisor                                            |
| Market Data Software                                                                                                                                         | MarketView Broker by ShowingTime | Franchisor                                            |

**12.13. Real Estate Related Business.** As referenced in Section 7.3., Franchisor hereby consents to the operation of the following Real Estate Related Businesses by legal entities affiliated with Franchisee for which the Marks shall not be used: N/A

**13.14. Marketing Fund Contribution.** \$25 taken out of each Transaction Fee paid to Franchisor, regardless of the program type selected and identified in this Data Sheet, above. Reserved.

~~14.~~15. **Agent Technology Fee.** Reserved.

**FRANCHISOR:** JPAR Franchising, LLC

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

## SCHEDULE 2 FRANCHISEE OWNERSHIP

**Franchisee Information.** Franchisee represents and warrants that the following ownership information is accurate and complete in all material respects:

a. If Franchisee is/are natural person(s), please identify all people who are Owners here:

| NAME | ADDRESS | PERCENTAGE OWNERSHIP INTEREST |
|------|---------|-------------------------------|
|      |         |                               |

b. **Franchisee Legal Entity.** If Franchisee is a Legal Entity, identify name:  
\_\_\_\_\_.

Franchisee represents and warrants that the following information is accurate and complete in all material respects:

Franchisee is a (check as applicable):

- ☐ an individual
- ☐ a \_\_\_\_\_ general partnership
- ☐ a \_\_\_\_\_ limited partnership
- ☐ a \_\_\_\_\_ limited liability company
- ☐ a \_\_\_\_\_ corporation

Franchisee shall make available to Franchisor upon request a true and accurate copy of its Legal Entity records: Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing (“**Entity Records**”).

Franchisee Legal Entity has the following Ownership with Owners having the respective ownership interest identified:

| NAME | ADDRESS | PERCENTAGE OWNERSHIP INTEREST |
|------|---------|-------------------------------|
|      |         |                               |
|      |         |                               |

If the Owners identified above will not all be devoting their full time to the Franchised Business (i.e., passive owners), identify the names, addresses and titles of Franchisee’s Owners who will be devoting their full time to the Franchised Business:

| NAME | ADDRESS | PERCENTAGE OWNERSHIP INTEREST |
|------|---------|-------------------------------|
|      |         |                               |
|      |         |                               |

## SCHEDULE 3

### PERSONAL GUARANTY OF PAYMENT AND PERFORMANCE

As an inducement to **JPAR Franchising LLC**, a Texas limited liability company (“**Franchisor**”), to execute the Franchise Agreement with Franchisee as identified on the Data Sheet at Schedule 1, dated \_\_\_\_\_, and in consideration of Franchisor executing the Franchise Agreement, Guarantors jointly and severally agree as follows:

A. Guarantors shall pay or cause to be paid to Franchisor all monies payable by Franchisee under the Franchise Agreement on the date and in the manner required for payment.

B. Guarantors unconditionally guarantee full performance and discharge by Franchisee of all of the obligations of Franchisee under the Franchise Agreement on the date and in the manner required.

C. Guarantors shall indemnify and save harmless Franchisor, and each of their respective shareholders, directors, employees, affiliates and agents (collectively “**Indemnitees**”) against and from all losses, damages, costs, and expenses which the Indemnitees may sustain, incur, or become liable for by reason of the failure for any reason whatsoever of Franchisee to pay the monies payable pursuant to the Franchise Agreement or to do and perform any other act, matter or thing required by the Franchise Agreement, and any act, action, or proceeding of or by Franchisor for or in connection with the recovery of monies or the obtaining of performance by Franchisee of any other act, matter or thing required by the Franchise Agreement.

D. Franchisor shall not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of the Guarantors of this Agreement set out, and the enforcement of such obligations may take place before, after, or contemporaneously with, enforcement of any debt or obligation of Franchisee under the Franchise Agreement.

E. Without affecting the Guarantors’ obligations under this Guaranty, Franchisor, without notice to the Guarantors, may extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Guarantors waive notice of amendment of the Franchise Agreement and notice of demand for payment or performance by Franchisee.

F. Guarantors’ obligations under this Agreement shall remain in full force and effect, and shall be unaffected by: (i) the unenforceability of the Franchise Agreement against Franchisee; (ii) the termination of any obligations of Franchisee under the Franchise Agreement by operation of law or otherwise; (iii) the bankruptcy, insolvency, dissolution, or other liquidation of Franchisee, including, without limitation, any surrender or disclaimer of the Franchise Agreement by the trustee in bankruptcy of Franchisee; (iv) Franchisor’s consent or acquiescence to any bankruptcy, receivership, insolvency, or any other creditor’s proceedings of or against Franchisee, or by the winding-

up or dissolution of Franchisee, or any other event or occurrence which would have the effect at law of terminating the existence of Franchisee's obligations before the termination of the Franchise Agreement; or (v) by any other agreements or other dealings between the Parties having the effect of amending or altering the Franchise Agreement or Franchisee's obligations under this Agreement, or by any want of notice by Franchisor to Franchisee of any default of Franchisee or by any other matter, thing, act, or omission of Franchisor whatsoever.

G. ALL DISPUTES INVOLVING A GUARANTOR (WHETHER OR NOT RELATED TO THIS GUARANTEE) SHALL BE ADJUDICATED AND RESOLVED IN ACCORDANCE WITH THE PROVISIONS APPLICABLE TO FRANCHISEE THAT ARE SET FORTH IN THE FRANCHISE AGREEMENT, WHICH, AMONG OTHER THINGS, INCLUDES MEDIATION OF MOST DISPUTES, A MUTUAL WAIVER OF TRIAL BY JURY IN ANY COURT PROCEEDINGS, LIMITATIONS ON THE TIME WITHIN WHICH TO COMMENCE AN ACTION, AND A WAIVER TO THE EXTENT PERMITTED BY LAW OF ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES.

H. The notice provisions of Section 13.4 of the Franchise Agreement shall apply to any notice to either Party, except that notice to Guarantors shall be as follows:

| <u>Name</u> | <u>Address</u> |
|-------------|----------------|
| _____       | _____          |
| _____       | _____          |
| _____       | _____          |
| _____       | _____          |

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty on the date set forth adjacent to his or her signature.

**GUARANTORS:**

|                         |              |
|-------------------------|--------------|
| _____                   | Dated: _____ |
| <u>[Guarantor Name]</u> |              |

|                         |              |
|-------------------------|--------------|
| _____                   | Dated: _____ |
| <u>[Guarantor Name]</u> |              |

**SCHEDULE 4  
SECURITY AGREEMENT**

|                                                                                                                                     |                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <b>Debtor</b><br>(exact full legal name of Franchisee, whether individuals, a corporation, LLC, partnership, or other organization) |                                                          |
| <b>Secured Party</b>                                                                                                                | JPAR Franchising, LLC, a Texas limited liability company |
| <b>Date</b>                                                                                                                         |                                                          |

1. DEFINITIONS

Unless otherwise specified, all terms used in this Agreement will have the meanings ascribed to them under the Official Text of the Uniform Commercial Code, as it may be amended from time to time (“UCC”).

2. GRANT OF SECURITY INTEREST

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, Debtor grants to Secured Party a security interest in all of the following associated with Debtor’s real estate brokerage business, including accounts receivable and payment intangibles; vehicles; cash proceeds; contract rights; leases; furniture; furnishings; equipment (including radon monitors); fixtures; inventory; together with all such rights and property hereafter acquired by Debtor and Co-Debtors; and all general intangibles (collectively, the “Collateral”) as well as all parts, replacements, substitutions, profits, products and cash and non-cash proceeds of the foregoing Collateral (including insurance and condemnation proceeds payable by reason of condemnation of or loss or damage thereto).

3. OBLIGATIONS SECURED

The foregoing Collateral is granted to Secured Party as security for performance: (a) under any franchise agreements between Debtor and Secured Party, as the same may be amended (the “Franchise Agreements”); (b) all other agreements between Debtor and Secured Party, including any promissory notes or other debt incurred; (c) all costs and expenses (including reasonable attorney’s fees), incurred by Secured Party in the protection, maintenance and enforcement of the security interest hereby granted; and (d) any modifications, renewals, refinancings, or extensions of the foregoing obligations. All obligations secured hereby are collectively called the “Obligations”.

4. RESTRICTIONS ON COLLATERAL TRANSFER

Debtor will not sell, lease, license or otherwise transfer (including by granting security interests, liens, or other encumbrances in) all or any part of the Collateral or Debtor’s interest in the Collateral without Secured party’s written or electronically communicated approval, except that Debtor may sell inventory in the ordinary course of business on customary terms. Debtor may collect and use amounts due on accounts and other rights to payments arising or created in the ordinary course of business, until notified otherwise by Secured Party in writing or by electronic communication.

5. MAINTENANCE AND LOCATION OF COLLATERAL; INSPECTION; INSURANCE

Debtor must promptly notify Secured Party by written or electronic communication of any change in location of the Collateral, specifying the new location. Debtor hereby grants to Secured party the right to inspect the Collateral at all reasonable times and upon reasonable notice. Debtor must: (a) maintain the Collateral in good condition; (b) pay promptly all taxes, judgments, or charges of any kind levied or assessed thereon; (c) keep current all rent or mortgage payments due, if any, on premises where the Collateral is located; and (d) In addition to other insurance that is required under the Franchise Agreement, Debtor shall maintain insurance on the Collateral, with an insurance company and in an amount approved by Secured Party (but in no event less than the replacement cost of that Collateral), and including such terms as Secured Party may require including a Lender's Loss Payable Clause in favor of Secured Party.

Debtor hereby assigns to Secured Party any proceeds of such policies and all unearned premiums thereon and authorizes and empowers Secured Party to collect such sums and to execute and endorse in Debtor's name all proofs of loss, drafts, checks and any other documents necessary for Secured Party to obtain such payments.

Debtor shall furnish certificates, policies or endorsements to Secured Party as Secured Party shall require as proof of such insurance, and, if Debtor fails to do so, Secured Party is authorized, but not required, to obtain such insurance at the expense of Debtor. All policies shall provide for at least thirty (30) days prior written notice to Secured Party of any cancellation or reduction of coverage and that Secured Party may act as attorney for Debtor in obtaining, and at any time an Event of Default exists or has occurred and is continuing, adjusting, settling, amending and canceling such insurance. Debtor shall cause Secured Party to be named as a loss payee and an additional insured (but without any liability for any premiums) under such insurance policies. At its option, Secured Party may apply any insurance proceeds received by Secured Party at any time to the cost of repairs or replacement of Collateral or to payment of the Obligations, whether or not then due, in any order and in such manner as Secured Party may determine or hold such proceeds as cash collateral for the Obligations.

6. CHANGES TO DEBTOR'S LEGAL STRUCTURE, PLACE OF BUSINESS, JURISDICTION OF ORGANIZATION, OR NAME

Debtor must notify Secured Party by written or electronic communication not less than 30 days before taking any of the following actions: (a) changing or reorganizing the type of organization or form under which it does business; (b) moving, changing its place of business or adding a place of business; (c) changing its jurisdiction of organization; or (d) changing its name. Debtor will pay for the preparation and filing of all documents Secured Party deems necessary to maintain, perfect and continue the perfection of Secured Party's security interest in the event of any such change.

7. PERFECTION OF SECURITY INTEREST

Debtor consents, without further notice, to Secured Party's filing or recording of any documents necessary to perfect, continue, amend or terminate its security interest. Upon request of Secured Party, Debtor must sign or otherwise authenticate all documents that Secured Party deems necessary at any time to allow Secured Party to acquire, perfect, continue or amend its security interest in the Collateral. Debtor will pay the filing and recording costs of any documents relating to Secured Party's security interest. Debtor ratifies all previous filings and recordings, including financing statements and notations on certificates of title. Debtor will cooperate with Secured Party in obtaining a Control Agreement satisfactory to Secured Party

with respect to any Deposit Account's or Investment Property, or in otherwise obtaining control or possession of that or any other Collateral.

#### 8. DEFAULT

Debtor is in default under this Agreement if:

- a) Debtor fails to pay, perform or otherwise comply with any provision of this Agreement;
- b) Debtor makes any materially false representation, warranty or certification in, or in connection with, this Agreement, the Franchise Agreement, or any other agreement between Debtor and Secured Party;
- c) another secured party or judgment creditor exercises its rights against the Collateral;
- d) an event defined as a "default" under the Obligations occurs; and
- e) any default of the Franchise Agreement executed between Debtor and JPAR Franchising LLC.

In the event of default and if Secured Party requests, Debtor must assemble and make available all Collateral at a place and time designated by Secured Party. Upon default and at any time thereafter, Secured Party may declare all Obligations secured hereby immediately due and payable, and, in its sole discretion, may proceed to enforce payment of same and exercise any of the rights and remedies available to a secured party by law including those available to it under Article 9 of the UCC that is in effect in the jurisdiction where Debtor or the Collateral is located. Unless otherwise required under applicable law, Secured Party has no obligation to clean or otherwise prepare the Collateral for sale or other disposition and Debtor waives any right it may have to require Secured Party to enforce the security interest or payment or performance of the Obligations against any other person.

#### 9. GOVERNING LAW

Debtor and Secured party agree that this Agreement will be governed by the laws of the State of Texas, including the UCC as in effect in such jurisdiction and without reference to its conflicts of laws principles.

#### 10. SECURED PARTY RIGHTS

All rights conferred in this Agreement on Secured Party are in addition to those granted to it by law, and all rights are cumulative and may be exercised simultaneously. Failure of Secured Party to enforce any rights or remedies will not constitute an estoppel or waiver of Secured Party's ability to exercise such rights or remedies. Unless otherwise required under applicable law, Secured Party is not liable or any loss or damage to Collateral in its possession or under its control, nor will such loss or damage reduce or discharge the Obligations that are due, even if Secured Party's actions or inactions caused or in any way contributed to such loss or damage.

#### 11. SEVERABILITY

If any provision of this Agreement is unenforceable, all other provisions remain in effect.

#### 12. DEBTOR CERTIFICATIONS

Debtor certifies that: (a) its Name (or Names) as stated above is (are) correct; (b) all Collateral is owned or titled in the Debtor's name and not in the name of any other organization or individual; (c) Debtor has

the legal authority to grant the security interest in the Collateral; (d) Debtor's ownership in or title to the Collateral is free of all adverse claims, liens, or security interests (unless expressly permitted by Secured Party); (e) none of the Obligations are or will be primarily for personal, family or household purposes; (f) none of the Collateral is or will be used, or has been or will be bought primarily for personal, family or household purposes; and (g) Debtor has read and understands the meaning and effect of all terms of this Agreement.

13. DEBTOR NAME(S) AND SIGNATURE(S)

By signing or otherwise authenticating below, each individual and each organization becomes jointly and severally obligated as a Debtor under this Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, effective as of the Effective Date.

**JPAR Franchising, LLC**

**Debtor**

By:

By:

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Signature]

## SCHEDULE 5

### RAPID EXPANSION PROGRAM AMENDMENT

This amendment (this “Amendment”) is dated \_\_\_\_\_ (the “Amendment Date”), by and between **JPAR FRANCHISING LLC**, a Texas limited liability company. (“Franchisor”), and \_\_\_\_\_, an individual, and \_\_\_\_\_, LLC, a \_\_\_\_\_ limited liability company (jointly and severally “Franchisee”)

On or about \_\_\_\_\_, Franchisor and Franchisee entered into that certain JPAR® franchise agreement and its exhibits and prior amendments and addenda (the “Franchise Agreement”) for a location at \_\_\_\_\_ (the “Location”).

The parties desire that Franchisee expand its franchise operations to add additional agents and to open additional offices and to grow the JPAR® presence in other markets more rapidly. Franchisor is willing to waive certain minimum fee obligations for these expansion offices. Accordingly, Franchisor and Franchisee have agreed to modify the Franchise Agreement as outlined in this Amendment. In the event of conflict, the provisions of this Amendment supersede the corresponding provisions of the Franchise Agreement.

Capitalized terms in this Amendment shall have the same definition as those terms have in the Franchise Agreement except as otherwise noted in this Amendment.

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

**1. Modification of the Franchise Agreement Related to Expansion Offices.** Anything in the Franchise Agreement to the contrary notwithstanding, Franchisor and Franchisee agree that the Franchise Agreement is amended as follows:

- a) Right to Operate Expansion Offices. Franchisor grants to Franchisee the right to open additional offices (each an “Expansion Office”) subject to the terms and conditions of this Amendment and the Franchise Agreement. An Expansion Office may operate either at a physical location or virtually, unless applicable state or real estate association laws, rules, regulations or licensing obligations require that the Expansion Office have a physical location. Unless otherwise approved by Franchisor in writing, any Expansion Office and all agents and team members associated with any Expansion Office must be located in the same state as the Location. Before opening an Expansion Office, Franchisee must first receive Franchisor’s prior written consent, which consent will not be unreasonably withheld. Franchisee must continue to operate its primary franchised office at the Location (the “Primary Office”) as outlined in the Franchise Agreement.
- b) Franchisee Representations and Warranties. Franchisee represents and warrants to Franchisor that:
  - i. Franchisee is in good standing under the Franchise Agreement;
  - ii. Franchisee is current on all fees and payments due and payable to Franchisor pursuant to the Franchise Agreement and has not had any past due balance to Franchisor during the 6-month period immediately prior to the Amendment Date of this Amendment; and

iii. Franchisee is authorized to operate the Primary Office as a franchised brokerage at the Location.

c) Expansion Office Operations. Any Expansion Office shall operate as part of the Franchised Business as outlined in the Franchise Agreement and this Amendment. Franchisee must onboard agents to specifically and directly associate with the Expansion Office (“Expansion Office Agents”) as reasonably required by Franchisor. Expansion Office Agents are not eligible to transfer between an Expansion Office and the Primary Office or any other franchised office established at a lower Transaction Fee level. While Franchisor provides training and support directly to Franchisee and the Primary Office as outlined in the Franchise Agreement, Franchisee (not Franchisor) shall provide the primary training and support to any Expansion Office operations and all Expansion Office Agents. Leaders for any Expansion Office, such as a team leader or broker, which are identified and approved by Franchisee, shall be eligible to participate in owner training, recruiting, mastermind events, etc. as permitted and approved by Franchisor.

Franchisee shall set up each Expansion Office with the same software and under the same requirements as the Primary Office and according to Franchisor’s standards, specifications, and guidelines for Expansion Offices, including without limitation using Franchisor’s designated Dotloop, Moxi, KVCore, the HUB software and programs, and authorized website listings.

d) Use of Marks. The parties acknowledge and agree that, notwithstanding anything in the Franchise Agreement to the contrary, Franchisee may use the Marks in conjunction with any approved Expansion Office as approved by Franchisor. Franchisee may use approved JPAR® signage and marketing at and for any Expansion Office. Franchisor and Franchisee intend to identify any Expansion Office as a JPAR® office location in website listings and marketing.

e) Expansion Office Fees. Franchisee shall not pay to Franchisor any Initial Franchise Fee or any monthly [Minimum Royalty Fee/Brokerage In A Box Fee] associated with the Expansion Office.

However, Franchisee acknowledges and agrees that no Transaction Fees are waived. The Transaction Fee for all Transactions accomplished through the Expansion Office and its associated Expansion Office Agents shall be charged at an amount equal to \$50 higher than the Transaction Fee outlined in the Franchise Agreement if franchisee is operating under the GROW program, (the “Expansion Office Transaction Fee”). For greater certainty, the Expansion Office Transaction Fee shall be \$ \_\_\_\_\_. Franchisee shall pay to Franchisor the Expansion Office Transaction Fee in the same manner as the Transaction Fee as set forth in the Franchise Agreement and the Manuals.

The Annual Dues or similar fees for all Expansion Office Agents shall increase by \$150 on and after the date that is 12 months after the opening of the applicable Expansion Office if franchisee is operating under the GROW program. Opening of an Expansion Office is defined as the date on which any agent is first onboarded into that Expansion Office.

f) Insurance for Expansion Offices. As a condition of Franchisee’s authorization to open and operate any Expansion Office as part of the Franchised Business, Franchisee must maintain business liability and Errors and Omissions insurance that covers the operations of both the Primary Office and the Expansion Office and for all real estate agents affiliated with the Expansion Office in an amount approved by Franchisor. This must include a claims made policy form with an occurrence limit of not less than \$1,000,000 and a deductible of \$1,000, \$5,000 with First Dollar Defense.

g) No Additional Area of Protection, Territorial Exclusivity, or First Right of Refusal. Franchisee acknowledges and agrees that there are no area of protection, territorial exclusivity, or first right of refusal for or related to any Expansion Office. If Franchisee establishes an Expansion Office within an existing area of protection or first right of refusal territory previously granted to Franchisee before the Amendment Date, the existing area or territory shall continue as originally agreed.

h) No Ancillary Services. Franchisee acknowledges and agrees that any Expansion Office and its operations and its Expansion Office Agents shall not be eligible to participate in any of Franchisor's ancillary services or programs, such as the relocation program, mortgage partnership, and any other ancillary relationships or ancillary revenues options that might be available to the Primary Office or other offices that are not an Expansion Office.

a)i) Conversion to Full Franchise. If any Expansion Office reaches 50 Expansion Office Agents or more, Franchisee must convert the Expansion Office to a standard franchise and pay the associated Initial Franchise Fee and monthly [Minimum Royalty Fee/Brokerage In A Box Fee if under GROW program] in the amount for an Additional Location as outlined in the Franchise Agreement. Within 20 days after reaching 50 Expansion Office Agents or more, Franchisee shall pay to Franchisor the Initial Franchise Fee as outlined in the Franchise Agreement and Franchisee and Franchisor shall sign Franchisor's then-current franchise agreement (the "New Agreement") for the location or other documentation that Franchisor may reasonably require, including that the Term of the Franchise Agreement and of any other franchise agreement for a franchised location owned and operated by Franchisee must extend to run co-terminus with the New Agreement. The New Agreement shall include the same personal guarantee obligations as were required in the Franchise Agreement. The time frames outlined above may be reasonably adjusted to ensure that the sale is done in compliance with applicable federal or state franchise disclosure and registration laws and regulations, if any. For the purposes of this Agreement, "then-current" means the standard forms and fees that Franchisor then currently uses with prospective franchisees.

For greater certainty, if any Expansion Office converts to a standard franchise under a New Agreement as outlined above, that office shall not convert back to an Expansion Office or under the terms of this Amendment even if the office drops below 50 agents.

b)i) Mutual Termination Right. Either party may terminate this Amendment for any reason or no reason and without penalty upon 30 days' written notice to the other party.

**1.2. All Other Terms of Franchise Agreement Remain in Full Effect.** The operation of the franchise shall in all other respects be subject to and operated in accordance with the terms and conditions of the Franchise Agreement and Franchisor's operations manuals, including without limitation the payment of fees and standards of operations.

**2.3. Releases.** In consideration of the covenants and understandings set forth in this Amendment, Franchisee, each for itself and its affiliates, and for its and its affiliates' guarantors, directors, officers, shareholders, partners, members, managers, employees and agents, (collectively, the "Franchisee Parties"), hereby releases and forever discharges Franchisor and Franchisor's current and former owners, partners, directors, officers, members, affiliates, employees, and agents, (collectively, the "Released Parties"), from and against any and all claims, demands, obligations, debts, liabilities, actions, causes of action, losses, and damages of every name, nature, kind, and description whatsoever, known or unknown, whether in tort, in contract, or under statute, at law or in equity or otherwise, for any matter, arising prior to the Amendment Date (collectively, "Claims"), arising directly or indirectly out of or related to: (i) the offer, negotiation, execution, performance, non-performance, or breach of the Franchise Agreement and any related agreements between the parties, (ii) any action or relationship between any of the Franchisee Parties and

any of the Released Parties; (iii) the Location, and/or (iv) the business franchised to Franchisee under the Franchise Agreement.

Franchisee for itself and on behalf of the Franchisee Parties, covenants not to sue any of the Released Parties on any of the Claims released under this Section.

Franchisee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all Claims against the Released Parties, known or unknown, arising directly or indirectly out of the Franchise Agreement and the relationship between the parties through the Amendment Date, including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arose under the Franchise Agreement including all the effects and consequences thereof.

This release is intended to waive, release and discharge all claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases.

Franchisee acknowledges and agree that the release set forth in this Section has been voluntarily given and Franchisee has had the opportunity to consult with its legal counsel with respect to such release. Franchisee represents and warrants to Franchisor that no Claims released under this Section have been assigned to any third party. With the advice of legal counsel, Franchisee waives the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction.

Franchisee covenants, warrants, and agrees that it is fully authorized to execute and perform this Amendment, and that it has the authority to bind the Franchisee Parties as provided in this Amendment.

**3.4. Acknowledgments, Disclaimer, and Indemnification.** Franchisor has not made any representations, promises, guarantees, projections, or warranties of any kind to Franchisee, Franchisee's owners or guarantors to induce the execution of this Agreement or concerning any Expansion Office. Franchisee acknowledges, represents and warrants that neither Franchisor nor any other party has guaranteed Franchisee's success in any Expansion Office or the products or services contemplated by this Amendment.

Franchisee has not received or relied upon any warranty or guaranty, express or implied as to revenues, profits, or success of the business venture contemplated by the Franchise Agreement and this Amendment. FRANCHISOR MAKES NO REPRESENTATIONS, PROMISES, GUARANTEES, PROJECTIONS, OR WARRANTIES OF ANY KIND TO FRANCHISEE OR ITS OWNERS OR GUARANTORS TO INDUCE THE EXECUTION OF THE FRANCHISE AGREEMENT OR THIS AMENDMENT EXCEPT AS SPECIFICALLY SET FORTH IN WRITING IN THE FRANCHISE AGREEMENT OR IN THE JPAR® FRANCHISE DISCLOSURE DOCUMENT THAT WAS DELIVERED TO FRANCHISEE. FRANCHISEE ACKNOWLEDGES THAT NEITHER FRANCHISOR NOR ANY OTHER PARTY HAS GUARANTEED FRANCHISEE'S SUCCESS IN THE BUSINESS CONTEMPLATED BY THIS AMENDMENT, ESPECIALLY WITH REGARDS TO OPERATION OF ANY EXPANSION OFFICE.

Franchisee shall indemnify, defend, and hold harmless Franchisor and the Released Parties against, and to reimburse Franchisor and/or any and all of the Released Parties for, any and

all Claims arising directly or indirectly out of or related to any act or omission by the Franchisee Parties, or any of them, related to any Expansion Office or the violation of or contradiction to this Amendment. Under no circumstances will Franchisor or any Released Party be required to seek recovery from any insurer, other third party, or otherwise, or to mitigate its losses and expenses, in order to maintain and recover fully a Claim under this Section. Franchisee and Owner, each for itself and the other Franchisee Parties, agree that a failure to pursue such recovery or to mitigate a loss will in no way reduce or alter the amounts any Released Party may recover.

**4.5. FRANCHISEE REPRESENTATIONS AND WARRANTIES.** Franchisee acknowledges its willingness to undertake the business risks associated with any Expansion Office and that it is Franchisee's responsibility to manage its franchise. Franchisee understands that Expansion Offices, the franchise business, and Franchisor's franchise system may evolve and change over time.

In addition to the representations and warranties outlined in the Franchise Agreement, Franchisee further represents, warrants, and acknowledges that the success of the Expansion Office is speculative and depends upon Franchisee's business ability and resources. Franchisee recognizes that the business venture contemplated by this Amendment involves business risks. Prior to the execution of this Amendment, Franchisor has not given Franchisee any advice or review of any business plans related to Franchisee's purchase of or proposed operation of any Expansion Office. Franchisee has investigated itself and will continue to investigate the potential of the operation of the franchise in conjunction with any Expansion Office.

**5.6. Confidentiality.** Franchisee shall keep the terms of this Amendment strictly confidential, and Franchisee shall not disclose such terms or facts for any purposes, except (i) with the prior written consent of Franchisor; (ii) to legal counsel or tax/financial advisors retained by Franchisee; or (iii) as required or compelled by legal authority. A disclosure by a third party of information disclosed by Franchisee in breach of this Amendment shall act as a disclosure by Franchisee. If the terms in this Amendment become known to any third party resulting from disclosure by or on behalf of Franchisee, with the exception of Franchisee's disclosure to its legal counsel, accountant, or employees with a need to know such information to assist in the operation of the Franchise, any provisions of this Amendment that were made for Franchisee's benefit shall become immediately null and void and shall forever cease to exist.

**6.7. Miscellaneous Provisions.** Franchisee represents that this Amendment has been read and that it is fully understood and voluntarily accepted.

The Franchise Agreement (including all prior amendments, exhibits, addenda, etc.) together with this Amendment constitute the entire agreement between the parties and supersede all prior understandings among the parties with respect to their subject matter. This Amendment and its provisions prevail over any inconsistency or contradiction between this Amendment and the Franchise Agreement. This Amendment may not be modified or amended in a manner adverse to any party except by written agreement signed by that party. All other aspects of the parties' relationship not addressed in this Amendment are outlined, subject to, and governed by the Franchise Agreement.

This Amendment will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

This Amendment may be executed in counterparts.

**[Signature Page Immediately Follows]**

IN WITNESS WHEREOF, the parties have executed this Amendment.

DATED this \_\_\_\_\_.

**JPAR FRANCHISING LLC**

("Franchisor")

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

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

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

(Jointly and Severally "Franchisee"):

\_\_\_\_\_, **LLC**

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

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

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

\_\_\_\_\_

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

\_\_\_\_\_, an individual

**SCHEDULE ~~65~~**  
**COMPLIANCE PLATFORM AGREEMENT**

THIS COMPLIANCE PLATFORM AGREEMENT (the “Agreement”) between JPAR Franchising, LLC (hereinafter “Franchisor” and “Service Provider”) and \_\_\_\_\_ dba JPAR® Real Estate (hereinafter “Franchisee”) (collectively “the Parties”) is entered into on \_\_\_\_\_ and is effective as of the Effective Date of the Franchise Agreement between the Parties.

WHEREAS, the Franchisor, as part of its System provides compliance assistance and administrative support to its franchisees which includes closing file preparation, document and data collection, maintenance, review and communication with settlement service providers.

WHEREAS, these services require certain information to be provided and updated by Franchisee through required software systems.

WHEREAS, Franchisee is required to approve all file information, including broker and agent disbursements prior to closing to insure orderly and timely communication between Service Provider and settlement service providers.

NOW THEREFORE, the Parties have agreed as follows:

**1. APPOINTMENT AND EFFECTIVE DATE**

1.1 Franchisee hereby confirms the appointment of Service Provider to provide the compliance assistance and services specified in this Agreement (the “Compliance Services”) to the Franchisee, subject to the terms and conditions set forth in this Agreement, and the Service Provider accepts such appointment.

1.2 The appointment shall remain effective through the term of the Franchise Agreement unless terminated by Franchisor.

**2. SERVICES**

2.1 The Service Provider shall, throughout the term of this Agreement, provide such Compliance Services as the Franchisor from time to time may specify.

2.2 The Service Provider may, at its discretion, sub-contract any of the services to be provided hereunder to other companies, provided, that such company shall be sufficiently resourceful, experienced and qualified to fulfill the duties and obligations hereunder.

2.3 Without prejudice to the generality of the foregoing, the Service Provider shall provide the following services to the Franchisee:

2.3.1 Collect Independent Contractor Information and Broker/Agent split information for settlement service provider reporting;

2.3.2 Collect Pending Contract information for determination of payments and disbursements;

2.3.3 Collect Franchise Agreement information to determine disbursement to Franchisor;

2.3.4 Collect file administration documents for record keeping and record retention in furtherance of pending transaction and closing file.

2.3.5 Collect data and information for file in furtherance of best practices and efficient administration of Franchisee transactions and records;

### **3. FRANCHISEE RECORDS**

3.1. Franchisee shall be responsible for the safekeeping of files and timely and accurate recordkeeping;

3.2 Franchisee shall establish and maintain an adequate and accessible archive either (or both) in electronic form or physical form of all documents relevant to its business.

3.3 Franchisee shall timely report all information to Service Provider as required for furtherance of the purposes of this Compliance Platform Agreement.

3.4 Franchisee shall timely approve all submissions from Service Provider to settlement service provider to insure timely and accurate disbursements at closing.

### **4. INSURANCE**

4.1 Franchisee shall keep and maintain insurance, including General Liability Insurance and Errors & Omissions Insurance as provided in the Franchise Agreement and name Franchisor and Service Provider as an additional insured.

### **5. GENERAL CONDITIONS**

5.1 Service Provider shall, in performing its duties hereunder, serve the Franchisee in good faith. In exercising the powers and authorities hereby conferred on it, the Manager shall:

5.1.1 protect and promote the Franchisee's interests;

5.1.2 always act in accordance with good and professional management practice.

5.2 Service Provider shall be entitled to provide compliance assistance and services to other franchisees or entities, whether affiliated with JPAR Franchising, LLC or third-party entities.

5.3 Franchisee shall be provided with information from the accounts and records of Franchisee which is relevant and reasonably required for the performance of Service Provider's obligations. Such information shall be provided by Service Provider to such persons as shall be authorized by

Franchisee, including settlement service providers, who shall always be considered authorized hereunder.

5.4 Franchise shall, upon request, provide the Service Provider with copies of all documents relevant to the purposes of this Compliance Platform Agreement.

## **6. COMPENSATION**

6.1 At least each calendar quarter, Franchisor shall reimburse Service Provider for all costs and expenses, including applicable taxes, reasonably incurred by Service Provider (the “Costs and Expenses”) in connection with the provision of the Compliance Services by the Service Provider to the Franchisee for such calendar quarter.

## **7. DEFAULT**

7.1 In the event that Franchisee receives a Notice of Default from Franchisor, Franchisee hereby authorizes Franchisor to notify Service Provider of default and Service Provider may, at its option, suspend services to Franchisee under this Compliance Platform Agreement.

7.2 Franchisee acknowledges that payment of Costs and Expenses is Franchisee’s independent obligation and in the event of any failure to pay, Service Provider shall have an independent legal cause of action against Franchisee in addition to the rights of Franchisor against Franchisee.

## **8. INDEMNITY**

8.1 Franchisee agrees to indemnify and keep Franchisor and Service Provider and its officers, employees, agents and sub-contractors, indemnified against any and all liabilities, costs, claims, demands, proceedings, charges, actions, suits or expenses of whatsoever kind or character that may be incurred or suffered by any of them howsoever arising (other than by reason of fraud, gross negligence or willful misconduct on the part of the Franchisor or Service Provider or any of its officers, employees, agents or sub-contractors,) in connection with the provisions of the Compliance Services or the performance of its duties hereunder.

8.2 The indemnities provided by the Franchisee hereunder shall cover all reasonable costs and expenses payable or incurred by the Franchisor and Service Provider in connection with any claims.

## **9. MISCELLANEOUS**

9.1 Franchisee shall not be entitled to assign its rights and/or obligations under this Compliance Platform Agreement unless the prior written consent of the Franchisor has been obtained. Franchisor may freely subcontract or sub-license this Compliance Platform Agreement to a different Service Provider (hereinafter “Successor Service Provider”), provided that Successor Service Provider executes an assignment agreement with Franchisor wherein Successor Service Provider assumes the obligations of Service Provider herein. Any such assignment agreement with a Successor Service Provider shall be acknowledged by Franchisee

9.2 The relationship between the Parties hereto is that of an independent contractor. Nothing in this Compliance Platform Agreement shall be deemed to constitute a partnership between the Parties.

9.3 The rights set forth herein are in addition to any provided under the Franchise Agreement. In the event of conflict between the Compliance Platform Agreement and Franchise Agreement, the Franchise Agreement shall prevail.

9.4 This Agreement shall not be amended, supplemented or modified save by written agreement signed by or on behalf of the Parties.

9.5 The failure of either party to enforce any term of this Agreement shall not act as a waiver. Any waiver must be specifically stated as such in writing.

9.6 If any provision herein is held to be void or unenforceable, the validity and enforceability of the remaining provisions herein shall remain unaffected and enforceable.

9.7 This Compliance Platform Agreement shall be binding upon and inure to the benefit of the affiliates of the Franchisor and Service Provider.

9.8 This Agreement may be executed in one or more signed counterparts, facsimile or otherwise, which shall together form one instrument.

## **10. GOVERNING LAW AND ARBITRATION**

10.1 This Agreement shall be governed by and interpreted in accordance with the terms of the Franchise Agreement.

FRANCHISEE:

FRANCHISOR: JPAR FRANCHISING, LLC

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

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

**SCHEDULE 76**  
**CONFIRMATION OF ADDITIONAL TERMS AND REPRESENTATIONS**  
**ADDENDUM TO**  
**JPAR FRANCHISE AGREEMENT**

Do not sign this this Representations Addendum if your are a resident of Maryland, Washington, or California or if the business is to be operated in Maryland, Washington, or California.

JPAR Franchising, LLC (“Franchisor” and “we/us”) through the use of this Addendum, desires to verify certain information about the sales process and to confirm any additional commitments or terms beyond those contains in the standard JPAR® franchise agreement (“Franchise Agreement”) and contained in our current “Franchise Disclosure Document,” including any oral statements, representations, promises, or assurances made to you or your Owners during the negotiations for the purchase of the JPAR® franchise by any of our directors, officers, employees, agents, or representatives (each, a “Representative”). Please review each of the following questions carefully and provide honest responses to each question. For purposes of this addendum “you” includes the Franchisee and all Owners.

**~~BACKGROUND AND GENERAL INFORMATION~~**

~~1. Please state the full name of each individual and entity that will be an owner of the Franchise and an owner of an entity that owns the Franchise:~~

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~~2. If Franchisee is other than an individual, indicate the capacity in which the undersigned is authorized to act on behalf of the Franchisee (check applicable box):~~

- ~~☐ — Officer (insert title): \_\_\_\_\_~~
- ~~☐ — General Partner~~
- ~~☐ — Other (please explain): \_\_\_\_\_~~

~~3. What is the location of the Franchise you are purchasing?~~

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~~4. Have you received a copy of the JPAR® Franchise Disclosure Document?~~

~~Yes — ☐ — No — ☐~~

~~5. On what date did you receive the Franchise Disclosure Document? \_\_\_\_\_~~

**I. FRANCHISE**

**A. Description of Representations.**

1. Describe any promises, oral or written agreements, contracts, commitments, representations, understandings, "side deals" or otherwise have been made to or with me with respect to any matter not expressly contained in the Franchise Agreement. This includes, but is not limited to, any representations or promises regarding advertising, marketing, training, site location, operational assistance or other services or write "None."

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2. Describe any oral, written, visual or other claim or representation, promise, agreement, commitment, understanding, or otherwise which contradicts or is inconsistent with the Franchise Disclosure Document or Franchise Agreement that has been made to you by us or our Representatives or write "None."

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3. Describe any oral, written, visual, or other claim or representation that has been made to you by any person or entity, which states or suggests any actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits, expenses, cash flow, tax effects, earnings, or otherwise, that is different from or in addition to what is contained in the Franchise Disclosure Document- including Item 19 or write "None."

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4. Describe any statement, promise or assurance made by us or our Representatives concerning the likelihood of success that you should or might expect to achieve from developing and operating a JPAR® franchise or write "None."

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5. Describe any statement, promise or assurance concerning the advertising, marketing, training, support services or assistance that we will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement or promise in the space provided below or write "None."

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6. Describe any other statement, promise or assurance concerning any other matter related to a JPAR® franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document. If you believe that one of these statements, promises or assurances has been

made, please describe the statement, promise or assurance in the space provided below or write “None.”

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## **II. YOUR PARTICIPATION**

- A. You will personally participate in the management of the JPAR® Franchise as set forth in the Franchise Agreement. You will faithfully and fully perform all duties required of you under the Franchise Agreement.
- B. Your purchase of the Franchise is for your own account and is not made with a view to or for resale.

### **ACKNOWLEDGEMENT**

1. Did you receive the Franchise Disclosure Document at least 14 calendar days before you signed a binding agreement with or made a payment to us or our affiliate in connection with the proposed franchise sale, or sooner if required by state law? If not, please describe when you received the Franchise Disclosure Document and when you signed the agreement or paid the money:

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2. Did you receive any negotiated modifications to the Franchise Agreement (if applicable) at least 7 calendar days before signing them? If not, please describe when you received them:

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**3. Did we or our Representatives advise you to fill in and complete this form except as based upon your personal knowledge and experience? If not, please describe what you were instructed or write “None”:**

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*[remainder of page intentionally left blank]*

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

**NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER LEGAL ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT IN HIS/HER INDIVIDUALLY CAPACITY AND ON BEHALF OF THE LEGAL ENTITY.**

Approved and agreed to by:

**FRANCHISEE** (“you”)

(Name of corporation, partnership, limited liability company, or other legal entity or individually if blank)

Signed:\_\_\_\_\_

Signed:\_\_\_\_\_

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

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

Date:\_\_\_\_\_

Date: \_\_\_\_\_

APPROVED ON BEHALF OF  
JPAR FRANCHISING LLC

Signed\_\_\_\_\_

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

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

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

Date:\_\_\_\_\_

Date:\_\_\_\_\_

**EXHIBIT C**  
**TABLE OF CONTENTS - JPAR MANUAL**

# Table of Contents

No table of contents entries found.

## EXHIBIT D

### LIST OF CURRENT FRANCHISEES

#### Franchisees – Units Opened as of 12/31/~~2022~~2023

| State         | Franchise Name                                                         | Franchise Owner                                                     | Address                                                                                                               | Phone Number              |
|---------------|------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|---------------------------|
| <del>AL</del> | <del>Coast &amp; County -<br/>Impact<br/>(5 offices)<sup>†</sup></del> | <del>Jason Will Real<br/>Estate, LLC</del>                          | <del>154 N. Section St, Fairhope<br/>AL 36532</del>                                                                   | <del>(251) 727-5727</del> |
| <del>AL</del> | <del>Southern Charm</del>                                              | <del>Pineapple Perfection,<br/>LLC</del>                            | <del>4050 Helton Drive, Suite 204,<br/>Florence, AL 35630</del>                                                       | <del>(256) 368-0004</del> |
| AL            | Gulf Coast <del>(3 offices)</del>                                      | Gulf Coast RE, LLC                                                  | 318 Dauphin St, Mobile, AL 36602                                                                                      | (251) 220-7794            |
| AZ            | Vantage                                                                | Vantage Group &<br>Associates, LLC                                  | 3707 E. Southern Ave,<br>Mesa AZ 85206                                                                                | (602) 675-5727            |
| <del>CA</del> | <del>Corona Luxe</del>                                                 | <del>Corona Luxe Realty<br/>Corp</del>                              | <del>1150 S. Olive St, #10-107, Los<br/>Angeles CA 900134740 Green<br/>River Rd Suite 206, Corona, CA<br/>92878</del> | <del>(909) 772-5677</del> |
| <del>CA</del> | <del>Iron Horse Real<br/>Estate</del>                                  | <del>Starkey Holdings Inc</del>                                     | <del>550 Main Street, Pleasanton, CA<br/>94566</del>                                                                  | <del>(925) 529-4880</del> |
| CO            | Modern Real Estate                                                     | Modern Real Estate,<br>LLC & Modern Real<br>Estate Co., LLC         | 5601 Olde Wadsworth Blvd, Suite<br>220, Arvada, CO 80002                                                              | (303) 229-5664            |
| <del>CO</del> | <del>Platinum</del>                                                    | <del>Pillar Real Estate,<br/>LLC.</del>                             | <del>8122 Southpark Lane #209,<br/>Littleton, CO 80120</del>                                                          | <del>(720) 295-5071</del> |
| FL            | City & Beach –<br>(2 offices)                                          | NE Florida City &<br>Beach Group, LLC                               | 9700 Philips Hwy, Ste 106,<br>Jacksonville, FL 32256                                                                  | (904) 370-3500            |
| <del>FL</del> | <del>Coast to Coast –<br/>Hunters Creek<sup>†</sup></del>              | <del>Central Florida City<br/>&amp; Beach ALLS<br/>Group, LLC</del> | <del>3222 Hillsdale Lane,<br/>Kissimmee, FL 34741</del>                                                               | <del>(407) 301-8706</del> |
| FL            | Coast to Coast -<br>Orlando                                            | City & Beach of<br>Florida, LLC                                     | 80 Bonnie Loch Court, Orlando,<br>FL 32806                                                                            | (407) 301-8706            |
| FL            | South Florida Living                                                   | City & Beach South<br>Florida, LLC                                  | 2001 Palm Beach Lakes Blvd,<br>Suite 302, West Palm Beach,<br>Florida 33409                                           | (561) 225-5774            |
| GA            | Metro Atlanta<br><del>(2 offices)</del>                                | Metro Atlanta<br>Associates, LLC                                    | 3372 Peachtree Road, Suite 223,<br>Atlanta, GA 30326                                                                  | (561) 225-5774            |
| ID            | Live Local                                                             | NQS RE, Inc.                                                        | 300 E Mallard Drive, Ste 130,<br>Boise, ID 83706                                                                      | (208) 918-0973            |
| IL            | Stella Blu Realty                                                      | Blue Star Homes,<br>LLC                                             | 316 Crescent Place, Geneva, IL<br>60134                                                                               | (630) 724-7920            |
| IN            | Aspire                                                                 | Julie Gamble Group<br>LLC                                           | 1829 E. Spring St, New Albany, IN<br>47150                                                                            | (502) 754-3359            |
| KS            | Leading Edge                                                           | JNLB Holdings, LLC                                                  | 100 S. Main St, Ste 100, Wichita,<br>KS 67202                                                                         | (316) 288-1261            |
| LA            | Gulf South                                                             | Hamilton Doyle<br>Group, LLC                                        | 325 E. Lockwood St. Covington,<br>LA 70433                                                                            | (985) 400-5739            |
| <del>LA</del> | <del>Shelly Wagner &amp;<br/>Associates</del>                          | <del>Shelly Wagner &amp;<br/>Associates, LLC</del>                  | <del>820 Jordan St, Suite 104,<br/>Shreveport, LA 71101</del>                                                         | <del>(318) 200-0001</del> |
| MD            | Maryland Living                                                        | Maryland Living,<br>LLC                                             | 1460 Ritchie Hwy, Ste 110,<br>Annapolis, MD 21012                                                                     | (410) 260-0202            |
| MD            | Preferred Properties                                                   | Preferred Properties,<br>LLC                                        | 11821 Parklawn Dr #105,<br>Bethesda, MD 20852                                                                         | (301) 309-4112            |

| State         | Franchise Name                          | Franchise Owner                             | Address                                                             | Phone Number              |
|---------------|-----------------------------------------|---------------------------------------------|---------------------------------------------------------------------|---------------------------|
| <del>MD</del> | <del>5 Star Properties</del>            | <del>Adson Skerik Enterprise, Corp.</del>   | <del>10015 Old Columbia Rd B215, Columbia, MD 21046</del>           | <del>(805) 769-5361</del> |
| MD            | Professionals                           | Real Estate Professionals Group, LLC        | 8303 Old Leonardtown Rd, Hughesville, MD 20637                      | (301) 684-4895            |
| MD            | Stellar Living                          | Metro Living, LLC                           | 800 S Frederick Avenue, Suite 200, Gaithersburg, MD 20877           | (301) 944-9070            |
| MI            | Great Lakes Bay Region                  | Bluewater Realty Great Lakes Bay Region Inc | 122 Uptown Drive, Suite 204-9, Bay City, MI 48708                   | (989) 267-0805            |
| <del>NE</del> | <del>Flatwater, LLC</del>               | <del>Flatwater Realty, LLC</del>            | <del>4827 S 165th St. Omaha, NE 68135</del>                         | <del>(402)800-8920</del>  |
| NV            | Elite                                   | Elite Home Finders, LLC                     | 6849-A West Charleston Blvd, Las Vegas, NV 89117                    | (702) 785-4255            |
| <del>NM</del> | <del>Duke City</del>                    | <del>The Garcia Franchises LLC</del>        | <del>12500 Montgomery Blvd NE Suite 151 Albuquerque, NM 87111</del> | <del>(505) 675-8200</del> |
| NC            | Carolina Living <del>(2-offices)</del>  | Carolina Living Associates LLC              | 10215 Prosperity Park Drive, Charlotte, NC 28269                    | (704) 941-3640            |
| <del>NC</del> | <del>Carolina Living</del>              | <del>CLA ECR, LLC</del>                     | <del>823 Evans St, Greenville, NC 27834</del>                       | <del>(704) 941-3640</del> |
| NC            | Legacy Group                            | Legacy Group of NC, LLC                     | 280 Charlois Blvd, Ste 202, Winston Salem, NC 27103                 | (336) 955-1230            |
| OK            | Edge                                    | Robinson Realty LLC                         | 330 W Gray St, Suite 305, Norman, OK 73069                          | (405) 310-8814            |
| OK            | Reliance                                | KL Home Sales, LLC                          | 9125 S Toledo Ave #206, Tulsa, OK 74137                             | (918) 200-9738            |
| PA            | Action Realty                           | CASHSA Inc.                                 | 601 Stones Crossing Road, Suite C, Easton, PA 18045                 | (610) 691-1777            |
| SC            | Magnolia Group <del>(4-5 offices)</del> | Magnolia Group SC, LLC                      | 5140 Sunset Blvd., Suite H, Lexington, SC 29072                     | (803) 251-9855            |
| TN            | Music City                              | Nexxus, LLC                                 | 1905 21st Ave. South, Nashville, TN 37212                           | (615) 795-4176            |
| TX            | Modern Living                           | Modern Living Realty, LLC                   | 7000 N. 10 <sup>th</sup> St., C-2A, McAllen, TX 78504               | (210) 843-2522            |
| TX            | The Sears Group (2 offices)             | JPARSG 1, LLC                               | 800 Town and Country Blvd, Ste 500, Houston, TX 77024               | (713) 357-0068            |
| UT            | Silverpath                              | Silverpath, P.C.                            | 750 W Riverdale Rd #240, Riverdale, UT 84405                        | 801-603-6265              |
| <del>WY</del> | <del>Western Home Realty Group</del>    | <del>Western Home Realty Group, LLC</del>   | <del>6776 Rogue River Road, Casper, WY 82604</del>                  | <del>(307) 267-7173</del> |

~~<sup>±</sup>1 office temporarily suspended.~~

Our affiliate has 27 company owned real estate brokerages operating with the Marks that are currently not franchised. These offices are located in Texas and are owned and operated by our affiliate, JP Piccinini Real Estate Services, LLC and Cairn JPAR Franchise Holdings, LLC (McAllen, TX), Telephone: (972) 836-9295

**Franchisees that Signed A Franchise Agreement but not yet opened by 12/31/20222023**

| State | Franchise Name              | Franchise Owner                            | Address                                                         | Phone Number   |
|-------|-----------------------------|--------------------------------------------|-----------------------------------------------------------------|----------------|
| AZ    | Vantage                     | Vantage Group & Associates, LLC            | 3707 E. Southern Ave.,<br>Mesa AZ 85206                         | (602) 675-5727 |
| CA    | Corona Luxe                 | Corona Luxe Realty Corp                    | 4740 Green River Rd Suite 206,<br>Corona, CA 92879              | (909) 772-5677 |
| CA    | Iron Horse Real Estate      | Starkey Holdings Inc                       | 550 Main Street, Pleasanton, CA<br>94566                        | (925) 529-4880 |
| CO    | Platinum                    | Pillar Real Estate, LLC                    | 8122 Southpark Lane #209,<br>Littleton, CO 80120                | (720) 295-5071 |
| FL    | City & Beach                | NE Florida City & Beach Group, LLC         | 9700 Philips Hwy, Ste 106,<br>Jacksonville, FL 32256            | (904) 370-3500 |
| FL    | South Florida Living        | City & Beach South Florida, LLC            | 560 Village Blvd., Suite 280, West<br>Palm Beach, Florida 33409 | (561) 225-5774 |
| FL    | Prestige                    | City & Beach South Florida, LLC            | 560 Village Blvd., Suite 280, West<br>Palm Beach, Florida 33409 | (561) 225-5774 |
| GA    | Metro Atlanta (2-offices)   | Metro Atlanta Associates, LLC              | 3372 Peachtree Road, Suite 223,<br>Atlanta, GA 30326            | (561) 225-5774 |
| KY    | Aspire (Louisville)         | Julie Gamble Group LLC                     | 1829 E. Spring St, New Albany,<br>IN 47150                      | (502) 754-3359 |
| MD    | 5-Star Properties           | Adson-Skerik Enterprise, Corp.             | TBD, Baltimore, MD                                              | (805) 769-5361 |
| MD    | Maryland Living             | Maryland Living, LLC                       | 1460 Ritchie Hwy, Ste 110<br>Annapolis, MD 21012                | (410) 260-0202 |
| MD    | Preferred Properties        | Preferred Properties, LLC                  | 11821 Parklawn Dr #105<br>Bethesda, MD 20852                    | (301) 309-4112 |
| MD    | Stellar Living              | Metro Living, LLC                          | 800 S Frederick Avenue, Suite<br>200, Gaithersburg, MD 20877    | (301) 944-9070 |
| MS    | Gulf Coast                  | Gulf Coast RE, LLC                         | TBD                                                             | (251) 220-7794 |
| MO    | Negotiators                 | McKinzie Group, LLC                        | TBD                                                             | (573) 480-8305 |
| NC    | Carolina Living (2-offices) | Carolina Living Associates LLC             | 10215 Prosperity Park Drive,<br>Charlotte, NC 28269             | (704) 941-3640 |
| NY    | Best Pro Realty             | Beloney and Best Realty Professionals, LLC | 217 Stanley Avenue, Staten Island,<br>NY 10301                  | (347) 228-7474 |
| SC    | Magnolia Group (56 offices) | Magnolia Group SC, LLC                     | 5140 Sunset Blvd, Suite H,<br>Lexington, SC 29072               | (803) 251-9855 |
| TX    | The Sears Group (4 offices) | JPARSG 1, LLC                              | 800 Town and Country Blvd, Ste<br>500, Houston, TX 77024        | (713) 357-0068 |
| VA    | Stellar Living              | Metro Living, LLC                          | 800 S Frederick Avenue, Suite<br>200, Gaithersburg, MD 20877    | (301) 944-9070 |

## EXHIBIT E

### LIST OF FORMER FRANCHISEES

#### **Franchisees that had an Outlet Terminated, Canceled, Not Renewed, or Otherwise Left the System – Between 1/1/2023~~2~~ and 12/31/2023~~2~~**

| <b><u>State</u></b> | <b><u>Name</u></b>                                          | <b><u>Last Known Address</u></b>                                        | <b><u>Last Known Phone</u></b> |
|---------------------|-------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------|
| <u>AL</u>           | <u>Jason Will Real Estate, LLC</u>                          | <u>154 N. Section St<br/>Fairhope AL 36532</u>                          | <u>(251) 727-5727</u>          |
| <u>FL</u>           | <u>Central Florida City &amp; Beach<br/>ALLS Group, LLC</u> | <u>3222 Hillsdale Lane,<br/>Kissimmee, FL 34741</u>                     | <u>(407) 301-8706</u>          |
| <u>MO</u>           | <u>Blue Infinity Group, LLC*</u>                            | <u>231 S Bemiston Ave, Ste 850, PMB 45092<br/>Saint Louis, MO 63105</u> | <u>(725) 888-4882</u>          |
| <u>NC</u>           | <u>CLA ECR, LLC</u>                                         | <u>823 Evans St<br/>Greenville, NC 27834</u>                            | <u>(704) 941-3640</u>          |

\* Franchisee left system before opening.

#### **Franchisees that had an Outlet Terminated, Canceled, Not Renewed, or Otherwise Left the System — After 12/31/2022, As of the date of this disclosure document**

| <b><u>State</u></b> | <b><u>Name</u></b>                     | <b><u>Last Known Address</u></b>                                         | <b><u>Last Known Phone</u></b> |
|---------------------|----------------------------------------|--------------------------------------------------------------------------|--------------------------------|
| <u>AL</u>           | <u>Jason Will Real<br/>Estate, LLC</u> | <u>154 N. Section St, Fairhope, AL 36532</u>                             | <u>(251) 727-5727</u>          |
| <u>MO</u>           | <u>Blue Infinity Group,<br/>LLC</u>    | <u>231 S Bemiston Ave, Ste 850, PMB 45092, Saint<br/>Louis, MO 63105</u> | <u>(725) 888-4882</u>          |

**EXHIBIT F**  
**LIST OF STATE ADMINISTRATORS/  
AGENTS FOR SERVICE OF PROCESS**

California

Commissioner of Financial Protection  
& Innovation  
320 West Fourth Street, Suite 750  
Los Angeles, CA 90013-2344  
(866) 275-2677

For service of process:  
California Commissioner of Financial Protection & Innovation  
320 West Fourth Street, Suite 750  
Los Angeles, CA 90013-2344

Hawaii

Hawaii Securities Examiners  
Department of Commerce and  
Consumer Affairs  
335 Merchant Street, Room 203  
Honolulu, HI 96813  
(808) 586-2722

For service of process:  
Hawaii Commissioner of Securities  
335 Merchant Street, Room 203  
Honolulu, HI 96813

Illinois

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706  
(217)782-4465

For service of process:  
Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

Indiana

Securities Commissioner  
State of Indiana, Securities Division  
302 W. Washington Street, Room E-111  
Indianapolis, IN 46204  
(317)232-6681

For service of process:  
Secretary of State  
201 State House  
Indianapolis, IN 46204

Maryland

Maryland Division of Securities  
20<sup>th</sup> Floor  
200 St. Paul Place  
Baltimore, MD 21202  
(410)576-6360

For service of process:  
Maryland Securities Commissioner  
Securities Division  
200 St. Paul Place  
Baltimore, MD 21202

Michigan

Michigan Department of Attorney General  
Franchise Section  
P.O. Box 30212  
Lansing, MI 48909  
(517) 373-7117

For service of process:  
Michigan Department of Commerce  
Corporations and Securities Bureau  
G. Mennan Williams Building, 7<sup>th</sup> Floor  
525 W. Ottawa St.  
P.O. Box 30212  
Lansing, MI 48913

Minnesota

Commissioner of Commerce  
Minnesota Department of Commerce  
Securities-Franchise Registration  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, MN 55101

For service of process:  
Minnesota Commissioner of Commerce  
Minnesota Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, MN 55101

(651) 539-1500

New York

NYS Department of Law  
Investor Protection Bureau  
28 Liberty St. 21  
New York, NY 10005  
(212)416-8200

For service of process:  
Secretary of State of New York  
162 Washington Avenue  
Albany, NY 12231

North Dakota

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol – 5<sup>th</sup> Floor, Dept. 414  
Bismarck, ND 58505-0510  
(701)328-4712

For service of process:  
North Dakota Securities Commissioner  
State Capitol – 5<sup>th</sup> Floor  
600 East Boulevard Avenue  
Bismarck, ND 58505-0510

Oregon

Director, Department of Insurance  
and Finance Labor and Industries Building  
Salem, Oregon 97310  
(503) 378-4387

Rhode Island

Principal Securities Examiner  
Division of Securities  
1511 Pontiac Avenue  
John O. Pastore Complex, Bldg. 69-1  
Cranston, RI 02920  
(401)492-9527

For service of process:  
Director of Rhode Island Department of  
Business Regulation  
233 Richmond Street  
Providence, RI 02903

South Dakota

Department of Insurance  
Securities Regulation  
124 South Euclid, Suite 104  
Pierre, SD 57501  
(605)773-3563

For service of process:  
Department of Insurance  
Securities Regulation  
124 South Euclid, Suite 104  
Pierre, SD 57501

Virginia

Director, Div. of Securities  
& Retail Franchising  
State Corporation Commission  
1300 E. Main Street, 9th Floor  
Richmond, VA 23219  
(804)371-9051

For service of process:  
Clerk of the State Corporation Commission  
State of Virginia  
1300 E. Main Street, 1<sup>st</sup> Floor  
Richmond, VA 23219

Washington

Mailing - Dept. of Financial Institutions  
P.O. Box 41200  
Olympia, WA 98507-9033  
Overnight - Dept of Financial Institutions  
150 Israel Rd SW  
Tumwater, WA 98501-6456

For service of process - Department of Financial Institutions  
150 Israel Rd SW  
Tumwater, WA 98501-6456

Wisconsin

Division of Securities  
Department of Financial Institutions  
Washington Ave.  
Fourth Floor  
201 W. Washington Ave. Suite 300  
Madison, WI 53701-9033  
(608)266-8559

For service of process:

Wisconsin Commissioner of Securities  
Department of Financial Institutions –Division of Securities  
201 W.  
P.O. Box 1768  
Madison WI 53701-1768

If a state is not listed, JPAR Franchising, LLC has not filed for appointment of an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which JPAR Franchising, LLC has appointed an agent for service of process.

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## Exhibit G

### STATE LAWS REQUIRING LICENSING OF REAL ESTATE BROKERS AND AGENTS

Each of the states and the District of Columbia have specific requirements concerning the licensing of real estate brokers and agents. Franchisees must comply with these requirements and JPAR Franchising, LLC strongly advises prospective franchisees to consult with their own advisors about compliance with these laws. Following is a list of these laws.

|                      |                                                                        |
|----------------------|------------------------------------------------------------------------|
| Alabama              | Code of Alabama, Title 34, Chapter 27                                  |
| Alaska               | Alaska Statutes, Title 8, Chapter 88                                   |
| Arizona              | Arizona Revised Statutes, Title 32, Chapter 20                         |
| Arkansas             | Arkansas Code, Title 17, Chapter 42                                    |
| California           | California Business & Professions Code, Division 4, Pt. 1, Chapters 1- |
| Colorado             | Colorado Revised Statutes, Title 12, Article 61                        |
| Connecticut          | Connecticut General Statutes, Title 20, Chapter 392                    |
| Delaware             | Delaware Code, Title 24, Chapter 29                                    |
| District of Columbia | District of Columbia Code, Title 47, Ch. 28, Subchapter I-B, Part M    |
| Florida              | Florida Statutes, Title XXXII, Chapter 475                             |
| Georgia              | Georgia Code, Title 43, Chapter 40                                     |
| Hawaii               | Hawaii Revised Statutes, Title 25, Chapter 467                         |
| Idaho                | Idaho Code, Title 54, Chapter 20                                       |
| Illinois             | Illinois Compiled Statues, Chapter 225, Act 454                        |
| Indiana              | Indiana Statutes Title 25, Article 34.1                                |
| Iowa                 | Iowa Code, Title XIII, Subtitle 4, Chapter 543B                        |
| Kansas               | Kansas Statutes, Chapter 58, Article 30                                |
| Kentucky             | Kentucky Revised Statutes, Title XXVI, Chapter 324                     |
| Louisiana            | Louisiana Revised Statutes, Title 37, Chapter 17                       |
| Maine                | Maine Revised Statutes, Title 32, Chapter 114                          |
| Maryland             | Maryland Business Occupations & Professions Article, Title 17          |
| Massachusetts        | Massachusetts General Laws, Chapter 112, Sections 87PP - 87DDD½        |
| Michigan             | Michigan Compiled Laws, Chapter 339, Article 25                        |
| Minnesota            | Minnesota Statutes, Chapter 82                                         |
| Mississippi          | Mississippi Code, Title 73, Chapter 35                                 |
| Missouri             | Missouri Revised Statutes, Title 22, Chapter 339                       |
| Montana              | Montana Code, Title 37, Chapter 51, Part 3                             |
| Nebraska             | Nebraska Revised Code, Sections 81-885.01 - 885.05                     |
| Nevada               | Nevada Revised Statutes, Chapter 645                                   |
| New Hampshire        | New Hampshire Revised Statutes, Title XXX, Chapter 331-A               |
| New Jersey           | New Jersey Statutes, Title 45, Chapter 15                              |
| New Mexico           | New Mexico Statutes, Chapter 61, Article 29                            |
| New York             | New York Real Property Law, Article 12-A, Sections 440 - 442           |
| North Carolina       | General Statutes of North Carolina, Chapter 93A                        |
| North Dakota         | North Dakota Century Code, Title 43, Chapter 43-23                     |
| Ohio                 | Ohio Revised Code, Title 47, Chapter 4735                              |
| Oklahoma             | Oklahoma Statutes, Title 59, Chapter 858                               |
| Oregon               | Oregon Revised Statutes, Chapter 696                                   |
| Pennsylvania         | The Pennsylvania Code, Title 49, Chapter 35, Section 35.221-35.255     |
| Rhode Island         | General Laws of Rhode Island, Title 5, Chapter 5-20.5                  |
| South Carolina       | South Carolina Code of Laws, Title 40, Chapter 57                      |
| South Dakota         | South Dakota Codified Laws, Title 36, Chapter 36-21A                   |
| Tennessee            | Tennessee Code, Title 62, Chapter 13                                   |
| Texas                | Texas Occupations Code, Title 7, Subtitle A, Chapter 1101              |
| Utah                 | Utah Code, Title 61, Chapter 2c, Section 201                           |
| Vermont              | Vermont Statutes, Title 26, Chapter 41                                 |
| Virginia             | Code of Virginia, Title 54.1, Chapter 21                               |
| Washington           | Revised Code of Washington, Title 18, Chapter 18.85                    |
| West Virginia        | West Virginia Code, Chapter 30, Article 40                             |
| Wisconsin            | Wisconsin Statutes, Chapter 452                                        |
| Wyoming              | Wyoming Statutes, Title 33, Chapter 28                                 |

## EXHIBIT H

### **MULTI-STATE ADDENDUM TO THE FDD AND FRANCHISE AGREEMENT**

The following modifications and additions are part of the JPAR Real Estate Franchise Disclosure Document ("FDD") and Franchise Agreement ("FA") as required by relevant state laws.

#### **CALIFORNIA**

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

#### **Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:**

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

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

Item 3. Neither the franchisor nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. § 78a et seq., suspending or expelling these persons from membership in this association or exchange.

#### **FDD Item 5 and FA Section 4.1**

Payment of all initial fees is postponed until after all franchisor's initial obligations are complete and franchisee is open for business.

FDD Item 17 (in reference to FA Sections 3.2, 5.2, 5.4, 10, 11.9, 12.1).

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

2) Bankruptcy. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

3) Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law. A contract which restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

4) Applicable Law. The Franchise Agreement requires application of the laws of the State of Texas. This provision may not be enforceable under California law.

5) Liquidated Damages. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

6) Interest Rate. The highest interest rate allowed by law in California is 10% annually.

You must sign a general release if you transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

The provisions of this Addendum only apply if the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

## **GEORGIA**

### **DISCLOSURES REQUIRED BY GEORGIA LAW**

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

## **HAWAII**

1. The Franchise Agreement has been amended as follows:

The Hawaii Franchise Investment Law provides rights to you concerning non-renewal, termination and transfer of the Franchise Agreement. If the Franchise Agreement contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

The Franchise Agreement requires you to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

Any provision of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of you may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

2. The Receipt Pages are amended to add the following:

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

YOUR RIGHTS UPON TERMINATION OR NONRENEWAL MAY BE AFFECTED BY THE HAWAII FRANCHISE INVESTMENT LAW, HAWAII REVISED STATUTES, TITLE 26, CHAPTER 482E, SECTION 482E-6(3).

Registered agent in the state authorized to receive service of process:

Commissioner of Securities

## **IDAHO**

Any condition in a franchise agreement executed by a resident of Idaho or a business entity organized under the laws of Idaho is void to the extent it purports to waive venue or jurisdiction of the Idaho court system. Venue and jurisdiction will be in Idaho if the franchisee is an Idaho resident or a business entity organized under the laws of Idaho.

## **ILLINOIS**

1. The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

2. Cover Page. Risk factor 1 indicates that local law may supersede the Franchise Agreement. As noted in Paragraph 3 below, the Illinois Franchise Disclosure Act does supersede the Franchise Agreement and applies to Illinois franchisees.

**\* THE LAWS OF THE STATE OF ILLINOIS WILL GOVERN THE FRANCHISE RELATIONSHIP BETWEEN JPAR FRANCHISING, LLC AND YOU.**

**\* ANY MEDIATION, ARBITRATION, OR LITIGATION WILL TAKE PLACE IN COOK COUNTY, ILLINOIS OR OTHER MUTUALLY AGREEABLE LOCATION IN ILLINOIS.**

3. FDD Item 17.

The governing law and choice of law clauses contained in the Franchise Agreement are subject to Illinois Law.

Illinois law provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of Illinois. Therefore, contrary to the provisions of Item 17v. of the Disclosure Document and Section 12.07 of the Franchise Agreement, any dispute will be resolved in Cook County, Illinois or other mutually agreeable location in Illinois. The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

4. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this state is void.”

**No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming**

**reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.**

## **MARYLAND**

1. FDD Item 5, FA Section 4.1: Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

2. Item 17 (c) and (m); FA Section 3.2.7 and 9.2.6 – Conditions for Franchisor Approval of Transfer or Renewal. The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 (h) – "Cause" Defined – Non-Curable Defaults. Provisions for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)

4. Item 17 (v); FA Section 12.2 and 12.9 – Choice of Forum. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Item 17 (u) and (w) - This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

The provisions of this Addendum only apply if the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

## **MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (1) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
- (2) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

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

## **MINNESOTA**

### **FDD Item 5, FA Section 4.1**

Franchisor shall defer collection of the initial fees until the franchisee has commenced doing business pursuant to the franchise agreement.

**FA Sections 12.1, 12.2 and 12.7** Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

**FA Sections 3.5, 10.3 and 10.4** With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

**FA Section 8.4.5** The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

**FA Section 5.2.3** Insufficient Funds Charges and NSF checks are governed by Minnesota Statute 60A.113, which puts a cap of \$30 on service charges.

**FA Sections 3.2.7 and 9.2.6** Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

**FA Section 12.12** The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

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

**FA Sections 12.9** Any limitations of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

## **NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5: The initial franchise fee constitutes part of our general operating funds and will be used as such at our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**” and FA Section 3.3:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**” and FA Section 9.1: However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**” and FA Sections 12.1 and 12.2:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

## **NORTH DAKOTA**

THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise offering circulars which disclose the existence of covenants restricting competition contrary to Section 9-08-06 N.D.C.C., without further disclosing that such covenants will be subject to the statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.
- C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
- I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Franchise agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

The provisions of this Addendum only apply if the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

## **RHODE ISLAND**

### **1. Item 17w and FA Section s12.1, 12.2, and 12.5.**

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

The provisions of this Addendum only apply if the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

## **SOUTH DAKOTA**

If Franchisee is domiciled in, or a resident of, South Dakota, the following provisions will apply and will supersede any provision in this Agreement to the contrary:

1. South Dakota Law: Section 12.1 of this Agreement relates to the laws governing this Agreement. Notwithstanding anything to the contrary, the law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota. However, as to contractual and all other matters, this Agreement and all of its provisions will be and remain subject to the application, construction, enforcement and interpretation under the governing law in Section 12.1.
2. South Dakota Cause of Action: Section 12.2 of this Agreement relates to, among other things, judicial proceedings between the parties. Notwithstanding anything to the contrary contained in Section 12.2, under South Dakota law any provision in this Agreement that designates jurisdiction or venue, or that requires Franchisee to agree to jurisdiction or venue, in a judicial forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.
3. Termination: Sections 10.3 and 10.4 of this Agreement pertains to default and termination of the franchise. Notwithstanding the provisions of the Franchise Agreement, Franchisee will be provided with 30 days' written notice and opportunity to cure any breach of this Agreement, any failure to meet performance and quality standards or any failure to make payments of Periodic Fees required by this Agreement.
4. Disclaimers: Notwithstanding anything to the contrary contained in this Agreement, under South Dakota Codified Laws, Section 37-5B-21, any acknowledgment provision, disclaimer or integration clause, or other provision having a similar effect, in this Agreement will not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this Chapter of the Law or a rule or order under this Chapter.

## **VIRGINIA**

Items 17g and h. The following is added to Items 17g and h:

"Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

Item 6, Note 8. The following is added:

"Any securities offered or sold by the Investor Franchisee as part of the JPAR® - Real Estate Franchise must be either registered or exempt under Section 13.1-514 of the Virginia Securities Act."

The provisions of this Addendum only apply if the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

## **WASHINGTON**

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

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

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

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized,

exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

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

Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

The undersigned does hereby acknowledge receipt of this addendum.

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

### **WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135, Wisconsin Statutes, supersedes any provision of the Franchise Agreement, if such provisions are in conflict with that law.

The provisions of this Addendum only apply if the jurisdictional requirements of the Wisconsin Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Written Notice: The Wisconsin Fair Dealership Law provides that 90 days prior written notice of termination, cancellation, non-renewal or substantial change of the competitive circumstances of a franchise agreement must be given to the Franchisee. The Franchisee has 10 days to cure the non-payment of fees to franchisor and 60 days to cure any other deficiency and, if the deficiency is so cured within the applicable cure period, the notice of termination is void.

It is agreed that the applicable foregoing state law addendum for the state of \_\_\_\_\_, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed, to the extent that they are valid requirements of an applicable, effective, and enforceable state law. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum.

**DATED:**

\_\_\_\_\_

**DATED:**

\_\_\_\_\_

**FRANCHISOR:**

JPAR FRANCHISING, LLC

**FRANCHISEE:**

\_\_\_\_\_  
(Company)

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

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

Title:

\_\_\_\_\_

Title:

\_\_\_\_\_

**EXHIBIT I**  
**NEW ENTITY AGREEMENT**

This Agreement ("Agreement") is made this \_\_\_\_\_. It is among **JPAR FRANCHISING, LLC**, a Texas limited liability company ("Franchisor"), and **[INSERT OWNERS NAMES]**, individual, (jointly and severally "Franchisees"), and **[INSERT FRANCHISEE ENTITY]**, a \_\_\_\_\_ limited liability company ("New Entity").

On or about **[DATE]**, Franchisor and Franchisees entered that certain JPAR® franchise agreement and accompanying amendment and exhibits (the "Franchise Agreement") for operations in:

**[Identify Locations]**

The parties desire to add New Entity to the Franchise Agreement pursuant to the provisions of this Agreement. Franchisees desire to release Franchisor from claims related to the Franchise Agreement arising before the date of this Agreement.

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

**1. Joinder of New Entity: Continuation of Franchise Agreement.** New Entity will be a party to the Franchise Agreement as though New Entity had executed the Franchise Agreement along with Franchisees. The Franchise Agreement and all other or prior agreements between Franchisor and Franchisees, including all appurtenant amendments, addenda, certificates, exhibits, options, and obligations of the parties will continue in full force and effect and completely expresses the present understanding between the parties.

Franchisees represent, warrant, and covenant that Franchisees are the sole owners of New Entity, as outlined in the "Schedule 2-Franchise Owner Information" form. Further, Franchisees shall notify Franchisor in writing within 7 days of any change to the ownership of the New Entity or the information in the "Schedule 2-Franchise Owner Information" form and further to cause each of its owners to execute a Guaranty in the form attached to this Agreement, below.

**2. Commitments and Obligations of Franchisee and New Entity.** Franchisees and New Entity covenant and agree:

- a. Franchisees will remain fully bound by its covenants in the Franchise Agreement.
- b. Franchisor is not in default in any way under the Franchise Agreement or any other agreement between Franchisees and Franchisor.
- c. New Entity agrees to fully assume and to be bound by the terms, covenants and conditions of the Franchise Agreement as if New Entity had been named the original franchisee in the Franchise Agreement. New Entity will execute all documents Franchisor or Franchisees may reasonably require to complete the assumption of the Franchise Agreement.
- d. Franchisees and New Entity will provide to Franchisor, upon demand, a current list of all owners, shareholders, directors, officers, partners, and employees of New Entity, together with a summary of their respective interests in New Entity.
- e. Neither Franchisee nor New Entity will make any public or private offering of any securities without first receiving the written consent of Franchisor. Consent may not be unreasonably withheld.
- f. Franchisees continuously will own a majority of the issued and outstanding evidences of ownership (e.g., shares of each class of stock) of New Entity.

**3. Communication of Confidential Information.** Neither Franchisees, nor the owners, officers, directors, or other persons related to New Entity, will communicate or divulge to any person or entity the contents or substance of Franchisor's franchise operations manuals or any other nonpublic information related to the operation of Franchisor's franchise system. Franchisees and New Entity represent and warrant that neither they nor any other person within their control has communicated or divulged any such information to anyone before the date of this Agreement.

**4. Use of Franchisor's Trade Names, Service Marks, and Logos.** Franchisees and New Entity will use Franchisor's trade names, service marks, logos, and other marks, symbols or materials indicating that they are related to Franchisor, only as provided in the Franchise Agreement. Franchisees and New Entity acknowledge that all such names, service marks, logos, and symbols are the exclusive property of Franchisor and that Franchisees and New Entity will be allowed to use them, only in conjunction with the franchise relationship as outlined in this Agreement.

**5. Release.** Franchisees release and forever discharge Franchisor and Franchisor's current and former owners, partners, directors, officers, members, employees and agents (the "Released Parties") from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the negotiation of, execution of, performance of, nonperformance, or breach of the Franchise Agreement and any related agreements between the parties and out of any other action or relationship between the parties or any of the Released Parties arising prior to the date of this Agreement.

Franchisees represent that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims, known or unknown, arising directly or indirectly out of the Franchise Agreement and the relationship between the parties and the Released Parties including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arose under the Franchise Agreement prior to the date of this Agreement, including all the effects and consequences thereof.

These releases are intended to waive, release and discharge all claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases.

The parties, with the advice of their respective counsel, waive the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction.

**6. Miscellaneous Provisions.** This writing constitutes the entire agreement between the parties and may not be modified or amended except by written agreement signed by the parties. This Agreement will be subject to and interpreted in accordance with the governing law, venue, and dispute resolution and other provisions of the Franchise Agreement. This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

**[Signature Page Immediately Follows]**

**IN WITNESS WHEREOF**, the parties have executed this Agreement.

**JPAR FRANCHISING, LLC (“We/Us”):**

**FRANCHISE ENTITY (“New Entity”):**

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

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

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

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

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

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

OWNER NAME (“Franchisee”):

\_\_\_\_\_  
Individual

OWNER NAME (“Franchisee”):

\_\_\_\_\_  
Individual

## **RENEWAL AND RELEASE AGREEMENT**

This Renewal and Release Agreement (this “Agreement”) is made this \_\_\_\_\_. It is between **JPAR Franchising LLC** (“We/Us”) and **[INSERT FRANCHISEE ENTITY]** and **[INSERT OWNERS NAMES]**, Individuals (collectively “You”).

On or about **[DATE]**, you and we entered into a Franchise Agreement (the “Previous Franchise Agreement”) for the operation of a JPAR Franchised Business in the following Location:

### **[Identify Locations]**

You and we desire to enter into a successor franchise agreement on the terms of our current franchise agreement forms.

You desire to release us from any and all claims whatsoever arising out of the negotiation, execution, delivery, and performance of the Previous Franchise Agreement.

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

### **1. Successor Franchise Agreement.**

A. The Previous Franchise Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties has not expired and has not been terminated. The provisions of the Previous Franchise Agreement concerning your obligations upon expiration, termination and renewal will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

B. Contemporaneously with execution of this Agreement, you agree to execute our current franchise agreement forms (the “Renewal Agreement.”). The Renewal Agreement may vary materially from the Previous Franchise Agreement. All Period Fees, and other fees will be set at the currently prevailing rates and terms.

C, Concurrently with the execution of the Renewal Agreement, you will pay to us a Renewal Agreement Fee in the amount of \$ \_\_\_\_\_ ~~5,000.00~~ per Location, \$ \_\_\_\_\_ ~~0.00~~ total.

You represent that you have or will comply with any modernization or refurbishment requirements for the Locations. You acknowledge and agree that you and your designated management persons, if any, shall attend any and all marketing and operations educational courses as determined by us in our sole discretion. You shall bear all expenses related to such courses, including travel, meals, lodging, salaries and wages for your employees and management persons, if any.

**2. Communication of Confidential Information.** Neither you nor your owners, officers, directors, or other persons enumerated in the Previous Franchise Agreement will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Previous Franchise Agreement, the substance of the Manuals, or any other nonpublic information related to the operation of the Franchised Business. You represent and warrant that neither nor any person associated with the Franchised Business has to your knowledge communicated or divulged any such information to anyone prior to the date of this Agreement. You will continue to comply with all the confidentiality requirements of the Previous Franchise Agreement.

**3. Release.** You agree to the following general release, subject to and following the laws applicable, to release us from any claims they may have against us:

In consideration of the mutual covenants and understandings set forth in this release Agreement, you individually and collectively release and discharge us and our current and former owners, partners,

directors, officers, employees, agents and related and affiliated legal entities from all obligations, duties, covenants and responsibilities to be performed under the Previous Franchise Agreement.

You do release and forever discharge us and our current and former owners, partners, directors, officers, members, employees, agents and related and affiliated legal entities from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Previous Franchise Agreement and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

You represent that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims, known or unknown, arising directly or indirectly out of the Previous Franchise Agreement and the relationship between the parties including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arise under the Previous Franchise Agreement, including all the effects and consequences thereof.

These releases are intended to waive, release and discharge all claims, other than those expressly reserved herein, with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

***The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.***

The parties, with the advice of their respective counsel, waive the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction.

**4. Miscellaneous Provisions.** This writing constitutes the entire agreement between the parties and supersedes all prior understandings among the parties with respect to its subject matter. This Agreement may not be modified or amended in a manner adverse to any party except by written agreement signed by that party. This Agreement is subject to the Renewal Agreement referred to herein, including without limitation its dispute resolution and choice of law and venue provisions.

This Agreement may be executed in counterparts.

***(Rest of this page left intentionally blank. Signature page follows)***

**IN WITNESS WHEREOF**, the parties have executed this Agreement.

**JPAR FRANCHISING, LLC (“We/Us”):**

**FRANCHISE ENTITY (“You”):**

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

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

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

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

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

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

**OWNER (“You”):**

\_\_\_\_\_  
Individual

**OWNER (“You”):**

\_\_\_\_\_  
Individual

## **TRANSFER AND RELEASE AGREEMENT**

This Transfer Agreement (this "Agreement") is made effective as of \_\_\_\_\_, between **JPAR FRANCHISING, LLC**, a Texas limited liability company ("Franchisor"), **[INSERT FRANCHISEE]**, an individual, and **[INSERT FRANCHISEE]**, a \_\_\_\_\_ company (jointly and severally "Franchisee"), and **[INSERT TRANSFeree]**, an individual, and, **[INSERT TRANSFeree]**, a \_\_\_\_\_ company (jointly and severally "Transferee").

On or about **[DATE]**, Franchisor and Franchisee entered into that certain franchise agreement (the "Franchise Agreement") for the operation of a JPAR Franchised Business in the following "Location":

### **[Identify Locations]**

Franchisee desires to transfer Franchisee's entire right, title, and interest in the JPAR Franchised Business to Transferee. Transferee desires to acquire such rights to operate the JPAR Franchised Business at the Location. Franchisor acknowledges and consents to the transfer and assignment of the JPAR Franchised Business to Transferee, as follows, subject to and pursuant to the provisions of this Agreement.

Franchisee desires to release Franchisor from any and all claims whatsoever arising out of the offer of, negotiation, execution, delivery, and performance of the Franchise and any agreement or relationship among or between the parties prior to the date of this Agreement.

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

**1. Transfer and Assumption of JPAR Franchised Business.** The Franchise Agreement is terminated. The parties acknowledge and agree that Franchisee has assigned to Transferee its entire right, title, and interest in the JPAR Franchised Business. The parties agree that this Agreement fully and completely expresses the present understanding between the parties. Franchisor enters into this Agreement, in part, in reliance upon the individual and collective character, skill, attitude, and business ability of Transferee.

**2. Commitments and Obligations.** The parties covenant and agree:

a. All obligations of Franchisee in connection with the JPAR Franchised Business are fully assumed by Transferee. Transferee and Franchisee will execute all documents Franchisor, Transferee, or Franchisee may reasonably require to complete the transfer and assumption of the JPAR Franchised Business. Subject to any and all applicable franchise disclosure and/or registration laws and requirements and all relevant timeframes, Transferee and Franchisor intend to execute a new franchise contract in the form currently being used by Franchisor (the "New Agreement") that covers Transferee's operations of JPAR Franchised Business. The New Agreement may contain economic and general terms which are materially different from those contained in the Franchise Agreement.

b. Franchisor is not in default in any way under the Franchise Agreement or any other agreement with Franchisee.

c. Transferee has paid to Franchisor a **[\$AMOUNT]** transfer fee. As the New Agreement relates to a transfer, Transferee shall not be required to pay to Franchisor any Initial Franchise Fee.

d. Transferee shall participate in and complete to Franchisor's exclusive satisfaction the training programs now required of new JPAR® franchises.

e. Franchisee and Transferee agree to subordinate to Transferee's obligations to Franchisor (including, without limitation, the payment of all franchise fees) any obligations of Transferee to Franchisee.

f. Franchisee and Transferee have entered into this Agreement and any agreement or arrangement for the transfer of the JPAR Franchised Business after their own independent investigation. The transfer of rights and obligations and the amount of consideration for them have been determined by Franchisee and Transferee independently. Franchisee and Transferee acknowledge that they have not relied upon any representation, warranty, promise, or other consideration from or by Franchisor in entering into this Agreement or in evaluating the advisability of the transfer or the value of the JPAR Franchised Business or any of the rights transferred.

➤ **4. Communication of Confidential Information.** Neither Franchisee nor any of its owners, officers, or directors will communicate or divulge to any person or entity the contents of this Agreement, the contents or the substance of the JPAR® franchise operations manuals, or any other nonpublic information related to the operation of the JPAR® franchise system. Franchisee represents and warrants that neither Franchisee nor any listed individual has communicated or divulged any such information to anyone prior to the date of this Agreement. Franchisee will continue to comply with all the confidentiality requirements of the Franchise Agreement.

Nothing contained in this Agreement will preclude Franchisor or Franchisee from disclosing the fact of this Agreement or the amount paid by Transferee to Franchisee.

**5. Franchisee's Post-Transfer Obligations.** Upon completion of the transfer, Franchisee shall immediately cease acting as a JPAR® franchisee at the Locations or otherwise, except pursuant to a franchise agreement executed between Franchisee or its affiliate and Franchisor. Franchisee acknowledges that all of Franchisor's trade names, service marks, logos, and other marks, symbols or materials are the exclusive property of Franchisor and that Franchisee has been allowed to use them, only in conjunction with the relationship with Franchisor and its predecessors as outlined in the relevant franchise agreements. Franchisee will remain bound to comply with the covenants in the Franchise Agreement which expressly or by reasonable implication are intended to apply to Franchisee after termination or transfer of such contract, including any applicable non-disclosure requirements. Franchisee shall:

a. assign to Transferee all telephone numbers related to the JPAR Franchised Business and notify all directory listing agencies of the transfer of Franchisee's rights to use the franchise names and logos and classified and directory listings of the JPAR Franchised Business;

b. give to Franchisor and Transferee a complete list of all franchise customer names, contact information and other relevant data related to the JPAR Franchised Business.

c. cease use of the franchise trademarks, service marks, trade names, copyrights, and other intellectual or intangible property related to the JPAR Franchised Business;

d. refrain from doing business in any way that might tend to give the public the impression that Franchisee still is or was a franchisee in the JPAR Franchised Business;

e. fully comply with all other applicable provision of the Franchise Agreement relating transfer and/or termination related to the JPAR Franchised Business.

**6. Releases.** Franchisee agrees to the following general release, subject to and following the laws applicable, to release Franchisor from any claims they may have against Franchisor:

In consideration of the mutual covenants and understandings set forth in this release agreement, Franchisee releases and discharges Franchisor and Franchisor's current and former predecessors, owners, partners, directors, officers, employees, and agents (the "Released Parties") from all obligations, duties, covenants and responsibilities to be performed under the Franchise Agreement.

Franchisee releases and forever discharges Franchisor and the Released Parties from any and all claims, demands liabilities, losses, damages, deficiencies, costs, expenses, actions, suits, proceedings,

investigations, assessments, judgments, actions or causes of action of every name, nature, kind, and description whatsoever, whether in tort, in contract or under statute, including without limitation any franchise or business opportunity law (“Claims”), arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance of, or breach of the Franchise Agreement and any related agreements between any of the parties and Franchisor and out of any other action or relationship between or among the parties and Franchisor or the Released Parties arising prior to the date of this Agreement.

Franchisee agrees to indemnify and hold harmless Franchisor and the Released Parties against any Claims of any nature resulting, directly or indirectly, from the operation of the JPAR Franchised Business or arising from or related to any of the parties’ dealings or relationships with Franchisor or any of the Released Parties. Franchisee covenants not to sue Franchisor or any of the Released Parties on any of the claims released under this section.

Franchisee and Franchisor represent that the provisions of this release have been read, are fully understood, and voluntarily accepted. The purpose of these release provisions are to make a full, final, and complete settlement of all claims, known or unknown, that Franchisee may have arising directly or indirectly out of the operation of the JPAR Franchised Business, the Franchise Agreement or the relationship between or among any of the parties and Franchisor prior to the date of the Agreement including, but not limited to, economic loss.

It is expressly understood and agreed that these release provisions are intended to cover, and do cover, not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arise under the Franchise Agreement or any other agreement or relationship prior to the date of this Agreement, including all effects and consequences.

The release provisions of this Agreement are intended to waive, release, and discharge all claims against Franchisor and the Released Parties, other than those expressly reserved herein, such as any future claims any party may have for: past, present, and future violations of the post-termination covenants contained in the Franchise Agreement and this Agreement, with the express waiver of any statute, legal doctrine, or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision.

The parties, with the advice of legal counsel, waive the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction.

7. **Estoppel.** Each of Franchisee and Transferee hereby certify to and agree that as of the date of this Agreement, Franchisor is relying on all of the following certifications and agreements of Franchisor, Franchisee, and Transferee as consideration for Franchisor executing this Agreement:

a. There are no other agreements or understandings, whether written or oral, between Franchisor and Franchisee with respect to the Franchise Agreement or the JPAR Franchised Business.

b. Neither Franchisor nor Franchisee is in default under the Franchise Agreement and no event has occurred and no condition exists, which with the receipt of notice, the passage of time, or both, would constitute a default by Franchisor or Franchisee under the Franchise Agreement.

c. Franchisee has not previously assigned, mortgaged, encumbered or otherwise transferred any or all of its interest under the Franchise Agreement.

8. **Miscellaneous Provisions.** This writing constitutes the entire agreement between the parties. It supersedes all prior understandings among the parties with respect to its subject matter. This Agreement may not be modified or amended in a manner adverse to any party except by written agreement signed by that party. No waiver of any covenant or breach of this Agreement will be a waiver of any subsequent breach of the same or any other covenant or authorize the subsequent breach of any covenant or condition. Time is of the essence of this Agreement. All other aspects of the relationship

between Franchisor, on the one hand, and Franchisee or Transferee, on the other hand, not addressed in this Agreement are outlined, subject to, and governed by the Franchise Agreement, including without limitation its governing law, venue, and dispute resolution provisions.

This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties. This Agreement has been prepared by attorneys representing Franchisor. Franchisee and Transferee have each had opportunity to have this Agreement reviewed by attorneys of their own choice. This Agreement may be executed in counterparts.

**IN WITNESS WHEREOF**, the parties have executed this Agreement.

**JPAR FRANCHISING, LLC** (“Franchisor”):

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

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

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

**FRANCHISEE** (“Franchisee”):

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

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

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

**FRANCHISEE** (“Franchisee”):

\_\_\_\_\_  
Individual

**TRANFEREE** (“Transferee”):

\_\_\_\_\_  
Individual

**TRANSEREE** (“Transferee”):

\_\_\_\_\_

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

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

**EXHIBIT J**  
**ADDENDUM TO THE FRANCHISE AGREEMENT FOR**  
**AN ADDITIONAL LOCATION**

This Addendum to Franchise Agreement for an Additional Location ("Addendum") is made and entered into as of this \_\_\_\_\_, (the "Effective Date"), by and between JPAR Franchising, LLC, a Texas limited liability company ("Franchisor") and \_\_\_\_\_, a \_\_\_\_\_ doing business in the state of \_\_\_\_\_ as JPAR® \_\_\_\_\_ ("Franchisee").

Franchisor and Franchisee entered into that certain Franchise Agreement effective \_\_\_\_\_ ("Franchise Agreement"), pursuant to which Franchisee was granted a licensed by Franchisor to use the Marks and the System for the promotion and operation Franchisee's independently owned and operated real estate brokerage business (the "Franchised Business").

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

1. Establishment of the Additional Location ~~for the Rapid Expansion Restricted Purpose Location~~;

1.1 Franchisee, in accordance with the requirements of Paragraph 2.1.1. of the Franchise Agreement has submitted to Franchisor a request for Franchisor's approval of a proposed additional location at \_\_\_\_\_ ("Additional Location"). ~~for: additional location at \_\_\_\_\_ which meets Franchisor's criteria for designation as a "Rapid Expansion Restricted Purpose Location" as such term is defined in the Franchise Agreement~~.

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

1.3 Franchisor hereby agrees to grant its approval for the Additional Location ~~for Rapid Expansion Restricted Purpose Location~~ and, by their respective executions hereof and Franchisor's current Franchise Agreement, Franchisor and Franchisee hereby include the Additional Location ~~for Rapid Expansion Restricted Purpose Location~~ as an Additional Location ~~for Rapid Expansion Restricted Purpose Location~~ within the meaning of the Franchise Agreement.

2. Payment of Fees

Franchisee has paid to Franchisor the Initial Franchise Fee of \$\_\_\_\_\_.

3. Term of the Agreement. The Term of the Agreement for all Locations shall hereby be extended to: [10 years from the Effective Date of this Addendum]. For the

avoidance of doubt, [insert date] shall be the Expiration Date for the Franchised Business, which shall include all Locations.

4. Representations of Franchisee. Franchisee hereby represents and warrants to Franchisor that, at the date of execution hereof, it is not in default of any of its obligations arising under the Franchise Agreement and that the Additional Location shall remain open on a full-time basis after the Effective Date. Franchisee further agrees that, in addition to the initial fee described above, Franchisee will pay to Franchisor the Period Fees and any other fees as set forth in the Franchise Agreement attributable to the Additional Location ~~or Rapid Expansion Restricted Purpose Location~~.

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

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

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

**FRANCHISEE:**

\_\_\_\_\_

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

Name

Its: Title

**FRANCHISOR:**

**JPAR FRANCHISING, LLC,**

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

Its: \_\_\_\_\_

## **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:

California:  
Hawaii:  
Illinois:  
Indiana:  
Maryland:  
Michigan:  
Minnesota:  
New York:  
North Dakota:  
Rhode Island:  
South Dakota:  
Virginia:  
Washington:  
Wisconsin:

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.

COPY FOR FRANCHISEE

**RECEIPT OF DISCLOSURE DOCUMENT**

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If JPAR Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days (10 business days in Michigan) before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with or make a payment to us or an affiliate in connection with the proposed franchise sale.

If JPAR Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit F.

The name, principal business address and telephone number of each franchise seller offering the franchise:

- Justin Boyd, ~~Daniel Butbul, Corin Clement, Chastity Davenport~~, Richard Davidson, Tiffani Marroquin, Laura O'Connor, Christopher Sears, Lisa Sennstrom, ~~Scott Schafer, Anissa Kalbasky~~, 5045 Lorimar Dr, Ste 180, Plano, Texas 75093, 1 (800) 683-5651.

- *[Insert name, address and telephone number of any additional franchise sellers]:*

Issuance date: ~~April 19, 2024~~**2023**

I have received a Franchise Disclosure Document dated as indicated above including the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement (with Schedules)
- C. Table of Contents of JPAR Manual
- D. List of Franchisees
- E. List of Former Franchisees
- F. State Administrators/Agents for Service of Process
- G. State Laws Requiring Licensing of Real Estate Brokers and Agents
- H. Multi-State Addendum

| <u>PRINTED NAME</u> | <u>TITLE</u> | <u>SIGNATURE</u> | <u>DATE</u> |
|---------------------|--------------|------------------|-------------|
| _____               | _____        | _____            | _____       |
| _____               | _____        | _____            | _____       |

COMPANY OR PARTNERSHIP NAME: \_\_\_\_\_

**PLEASE KEEP THIS RECEIPT FOR YOUR RECORDS.**

COPY FOR FRANCHISOR

**RECEIPT OF DISCLOSURE DOCUMENT**

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If JPAR Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days (10 business days in Michigan) before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with or make a payment to us or an affiliate in connection with the proposed franchise sale.

If JPAR Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit F.

The name, principal business address and telephone number of each franchise seller offering the franchise:

- Justin Boyd, ~~Daniel Butbul, Corin Clement, Chastity Davenport~~, Richard Davidson, Tiffani Marroquin, Laura O'Connor, Christopher Sears, Lisa Sennstrom, ~~Scott Schafer, Anissa Kalbasky~~, 5045 Lorimar Dr, Ste 180, Plano, Texas 75093, 1 (800) 683-5651.

- *[Insert name, address and telephone number of any additional franchise sellers]:*

Issuance date: April 19, 2024

I have received a Franchise Disclosure Document dated as indicated above including the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement (with Schedules)
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- D. List of Franchisees
- E. List of Former Franchisees
- F. State Administrators/Agents for Service of Process
- G. State Laws Requiring Licensing of Real Estate Brokers and Agents
- H. Multi-State Addendum

| <u>PRINTED NAME</u> | <u>TITLE</u> | <u>SIGNATURE</u> | <u>DATE</u> |
|---------------------|--------------|------------------|-------------|
| _____               | _____        | _____            | _____       |
| _____               | _____        | _____            | _____       |

COMPANY OR PARTNERSHIP NAME: \_\_\_\_\_

Please sign the Receipt, date it the date you receive the disclosure document and return it to JPAR Franchising, LLC, 5045 Lorimar Dr, Ste 180, Plano, Texas 75093.

**PLEASE RETURN THIS RECEIPT TO JPAR FRANCHISING, LLC**