

FRANCHISE DISCLOSURE DOCUMENT



Keller Williams Realty, Inc.
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We have developed a distinctive business system that involves the delivery of real estate brokerage services and other services through KELLER WILLIAMS® REALTY Market Centers. In this Disclosure Document, we offer the right to develop and operate Market Centers in specific Awarded Areas. We have authorized third parties to act as our Regional Representatives in specific regions. See Item 1 for more details concerning our Regional Representatives.

The total investment necessary to begin operation of a Market Center ranges between \$182,430 to \$335,697. This includes \$35,430 to \$36,447 that must be paid to us. If you sign a Business Center Addendum to our franchise agreement, the total investment necessary to begin operation of a Business Center ranges between \$29,600 to ~~\$88,650~~ \$88,150. This includes \$2,500 that must be paid to us. If we authorize additional concepts, we may impose a reasonable initial fee for each concept you offer.

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

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

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

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

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

Date of Issuance: April 26, 2024

**KELLER WILLIAMS REALTY, INC.
FRANCHISE DISCLOSURE DOCUMENT**

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor:

Keller Williams Realty, Inc. was incorporated in Texas on December 21, 1994 and maintains its principal place of business at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746. We only conduct business under our corporate name and under the trade names “KELLER WILLIAMS®,” “KW REALTY,” “KELLER WILLIAMS REALTY,” “KW LUXURY,” “KELLER WILLIAMS LUXURY,” “KELLER WILLIAMS LUXURY INTERNATIONAL,” “KW LUXURY INTERNATIONAL,” “KW COMMERCIAL,” “KW LAND,” and “KELLER WILLIAMS REALTY INTERNATIONAL.” In this Disclosure Document we refer to Keller Williams Realty, Inc. as “Franchisor,” “KWRI,” or by use of the first person plural pronoun (i.e., we, our and us); we refer to the entity that will sign a Market Center Franchise Agreement as “you,” “your,” and “franchisee.”

The Franchisor’s Business:

We have offered and sold franchises to develop and operate KELLER WILLIAMS® market centers (“Market Centers”) since November 22, 1995. Our business system (the “System”) is characterized by our distinctive methods and techniques for attracting real estate brokers or salespersons (“Associates”); the high moral and ethical standards that franchisees are expected to observe in dealing with their Associates, other franchisees and the public; Associate recruitment methods; uniform standards and specifications; quality and uniformity of services; procedures for training, consulting and assistance; our Associate Leadership Council program; our Keller Williams University; our profit sharing plan; our business philosophy and culture; and our advertising and promotional programs, as further described in Item 11. The principal trademarks and service marks (“Trademarks”) we use to describe and identify the System, are listed in Item 13. Except for the Market Center and Regional Representative programs described below, we have not offered franchises in any other line of business in the United States and Canada.

We do not currently have direct or indirect ownership interests in any company-affiliated Market Centers, but we do have direct or indirect ownership interests in certain Regions that are part of our core franchise business. We or our parents, affiliates and/or owners and executives also have direct or indirect ownership interests in certain ancillary real estate businesses. These interests and businesses are described below in Item 1.

As further detailed below, the Colorado, Mid-American, North Central, Northwest, Carolinas Regions and California Central ~~South~~ and Southern Region are owned by entities affiliated with us and we serve as Regional Representative in the California Westside LA Region and South Texas Region. Specifically, the Colorado Region is owned by a limited partnership affiliated with us named The Republic of Colorado, Ltd. The 1% General Partner of the limited partnership is KW Colorado Management, LLC, which is 100% owned by us. The remaining limited partnership interests in The Republic of Colorado, Ltd. includes 39.9950% owned by us and the remainder is indirectly owned by individuals named in Item 2 and third parties. The Mid-American Region is owned by a limited partnership affiliated with us named KW Mid-American Region, Ltd. The 1% General Partner of the limited partnership is KW Mid-American Management, LLC which is 100% owned by us. The remaining limited partnership interests in KW Mid-American Region, Ltd. are indirectly owned by us, individuals named in Item 2 and a third party. The North Central Region is owned by a limited partnership affiliated with us named KW North Central Region, Ltd. The 1% General Partner of the limited partnership is KW North Central Region GP, LLC, which is 100% owned by us. The remaining limited partnership interests in KW North Central Region, Ltd. are indirectly owned by us, individuals named in Item 2, and third parties. The Northwest Region is owned by a limited partnership affiliated with us named KW Northwest Region, Ltd. The 1% General Partner of the limited partnership is KW Northwest Management, LLC, which is 100% owned by us. The remaining limited partnership interests

in KW Northwest Region, Ltd. are indirectly owned by us, individuals named in Item 2, and third parties. The Carolinas Region is owned by a limited partnership affiliated with us named KW Carolinas Region, Ltd. The 1% General Partner of the limited partnership is 100% owned by Region Investco, Ltd. Region Investco, Ltd. is the 99% limited partner and is owned by Region Investco GP, LLC (1%) and indirectly owned by us, individuals named in Item 2, and third parties. The California Central ~~South~~ and Southern Region is owned by a limited liability company affiliated with us named Caltex Millennium, LLC, which is 70% owned by KW One, LLC, which is 100% owned by us. The remaining membership interests in Caltex Millennium, LLC are owned by third parties. Certain of our directors and officers hold ownership interests in or operate certain Regions and certain real estate brokerage businesses under the System and the Trademarks. See Items 2 and 20. Our agents for service of process are listed in Exhibit J.

Other Businesses

In August 2019, we launched KW Marketplace, which is our proprietary online store available to all Associates and franchisees. The KW Marketplace is an easy, one-stop shop for products and services to enhance and support our Associates' and franchisees' businesses. In addition to our products and services, we will contract with third party vendors who desire to offer their services and products via the KW Marketplace. We will not charge you or your Associates any fees to access the KW Marketplace. If you and/or your Associates choose to purchase these services and/or products through the KW Marketplace you and/or your Associates will pay agreed upon fees to us or the third-party developers through agreed upon purchase terms through the KW Marketplace portal. (See Item 8.)

In November 2021, we launched Keller Successful Career Opportunities in Real Estate (nicknamed KSCORE), in partnership with Kaplan Real Estate Education. Through the partnership, KSCORE offers state-approved prelicensing curriculum, via Kaplan Real Estate Education, for aspiring real estate agents and continued real estate education credits for existing agents. Kaplan Real Estate Education's platform offers distinct education-delivery formats, including home study, online, and live online courses, and a wide selection of state-approved courses and packages. Each student is provided the basic education at no cost to the student unless they choose to upgrade to different package. To participate, you must sign an addendum in the form attached as Exhibit G to this Disclosure Document and pay us certain continuing fees. See Item 6.

We launched KW Prep in December 2021. KW Prep is a real estate training program geared towards aspiring and newly licensed agents on the right path as they launch their real estate businesses. KW Prep unpacks the tools, strategies, and mindset that will help new agents develop their career right out of the gate. To participate, you must sign an addendum in the form attached as Exhibit H to this Disclosure Document and pay us certain continuing fees. See Item 6.

We launched our Keller Williams Expansion Network ("KWEN") in 2021 to provide Expansion Agents the opportunity to grow beyond state borders with consistent branding and models through a series of company-affiliated Market Centers. We describe each existing KWEN location as a company-affiliated Market Center in Item 20 of this FDD. We are actively closing these KWEN Market Centers and transitioning agents and brokers to existing franchised Keller Williams Market Centers.

Our Parents, Predecessors and Affiliates:

Parents

We do not have any parents required to be disclosed in this Disclosure Document.

Predecessors

We have one predecessor required to be disclosed in this Disclosure Document.

We also offer a Temporary New Homes Sales Location Addendum in conjunction with your existing Market Centers. The Temporary New Homes Sales Location is available to you if you have obtained an exclusive listing to sell all or substantially all of the new homes for a specific new home development and if, as a condition to obtaining the listing, you must agree to occupy a model home or other facility on the premises of the development for the purpose of selling new homes at the development for a limited period. Neither you nor any other Associates are permitted to conduct any other listing, sales or other real estate services from the Temporary New Homes Sales Location, without our prior express written permission. The current form of Temporary New Homes Sales Location Addendum is attached to this Disclosure Document as Exhibit D. We have the right to approve, in our discretion, the listing agreement you enter into in connection with the Temporary New Homes Sales Location Addendum. You must operate the Temporary New Sales Location in accordance with the terms and conditions of the Franchise Agreement, the Temporary New Homes Sales Location Addendum, and the standards and specifications in the Brand Standards Manuals.

You and certain of your principal owners or investors that we designate (each a “Controlling Principal”) must accept the confidentiality, non-competition and other restrictions under the Franchise Agreement and must guarantee your financial obligations to us. (See Items 14 and 15). Your other direct and indirect owners or investors and your other officers, directors, managers and other senior executives who we do not designate as Controlling Principals will be designated as Franchisee’s Principals and will be required to sign an undertaking acknowledging that they are bound to certain personal duties under the Franchise Agreement, including confidentiality, non-competition and other restrictions or obligations. You, your Controlling Principals and Franchisee’s Principals will also be obligated to ensure that you, your Controlling Principals, your Franchisee’s Principals and all other persons and entities directly or indirectly affiliated with you, including all of your employees (collectively, your “Franchisee’s Group”), comply with certain obligations under the Franchise Agreement.

Our franchisees were operating a total of 794761 Market Centers as of December 31, 2023 in the United States and Canada. (See Item 20). Although these Market Centers are operating under the System, some of the related Franchise Agreements vary in material respects from the terms of the Franchise Agreement we currently offer. All franchisees who first obtain the right to operate Market Centers after the date of this Disclosure Document (and continuing until our next annual update or amendment to this Disclosure Document) must operate under the form of Franchise Agreement and related documents described in this Disclosure Document.

We also offer arrangements to refer, develop and support multiple Market Centers to Regional Representatives who solicit, refer, screen and assist us in evaluating potential franchisees to establish and operate Market Centers and to perform certain training and other functions on our behalf in their designed area (each a “Region”). We make this offering under a separate Disclosure Document. If we have authorized a Regional Representative to operate in a specific Region, the Regional Representative will have the right to solicit, refer, screen and assist us in evaluating potential franchisees to establish and operate Market Centers within that Region. The Regional Representative may also perform training and other functions as more specifically described in this Disclosure Document that we would normally perform under the Franchise Agreement. These functions may also include assisting us with site selection, inspections of Market Centers, certain promotions and advertising activities and relocation business programs. (See Items 6 and 11). We may also designate a Regional Representative in a geographic area where there are existing Market Centers. Under these circumstances, the Regional Representative may perform our obligations under Franchise Agreements for existing Market Centers in that area to the extent that we delegate such functions to the Regional Representative.

Regional Representatives do not have authority to offer or approve Market Center franchises, to negotiate the terms of the Franchise Agreement or to contract or act on our behalf without our express prior written approval.

Moehrl, Michael Cole, Steve Darnell, Valerie Nager, Jack Ramey, Sawbill Strategic, Inc., Daniel Umpa, and Jan Ruh v. The National Association of Realtors, Realty Holdings Corp., Homeservices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, The Long & Foster Companies, Inc., RE/MAX LLC, and Keller Williams Realty Inc., Case Number 19-cv-1610, in the United States District Court, Northern District of Illinois. The court certified a class consisting of home sellers who listed their properties on one of the twenty MLS sites at issue. On February 1, 2024, we entered a nationwide class settlement that will settle the claims brought in this case, the *Sitzer* case (discussed below), and the *Umpa* case (discussed below) if the court in *Sitzer* orders final approval of the settlement. The settlement approval process and details of the settlement are in the *Sitzer* summary.

Joshua Sitzer and Amy Winger, on behalf of themselves and all others similarly situated vs. The National Association of Realtors, Realty Holdings Corp., Homeservices of America, Inc., RE/MAX Holdings, Inc., and Keller Williams Realty, Inc., Civil Action No. 4:19-cv-00332-SRB, in the United States District Court for the Western District of Missouri. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on March 30, 2020, which alleges that the Defendants in this case conspired to require Plaintiff home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on four Multiple Listing Service ("MLS") sites within Missouri, in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1. Plaintiffs are suing for violation of the Sherman Act and are seeking treble damages, attorneys' fees and injunctive relief. The court certified a class consisting of Missouri home sellers and denied the Defendants' motions for summary judgment. A three week trial was held on October 16, 2023. On October 31, 2023, a jury issued a verdict against all Defendants in the case awarding the plaintiffs damages in the amount of \$1,786,310,872 (which under antitrust law may be increased to \$5,358,932,616) to be reduced by existing and possible future settlements entered into between the Plaintiffs and specific Defendants. On February 1, 2024, we entered a nationwide class settlement that ~~will settle~~settled the claims brought in this case (including the jury verdict), the *Moehrl* case (discussed above), and the *Umpa* case (discussed below) ~~if when, on May 9, 2024, the court in *Sitzer* orders~~ordered final approval of the settlement. The definition of the settlement class and scope of the release also ~~would resolve~~resolved the claims alleged in the *Bauman, Burton, QJ Team, Grace, Martin, Willsim Latham, LLC, and Jensen* cases discussed herein ~~if wherein~~wherein the court in *Sitzer* ~~orders~~ordered final approval of the settlement.

The total amount of the settlement is \$70 million. The payment schedule is as follows: We ~~will deposit~~deposited \$50 million into a qualified settlement fund ~~no later than~~on April 30, 2024; \$10 million into the qualified settlement fund upon the later of (i) 14 days following final approval of the settlement by the court in *Sitzer*, and (ii) September 15, 2026; and \$10 million into the qualified settlement fund upon the later of (i) 14 days following final approval of the settlement by the court in *Sitzer*, and (ii) September 15, 2027.

The court granted preliminary approval of the nationwide settlement on February 1, 2024. The members of the settlement class had until April 13, 2024 to opt out of the settlement or to object to the settlement. The court ~~has scheduled the~~granted final approval after a hearing for~~on~~ May 9, 2024. ~~If~~Because the court ~~issues~~issued final approval of the settlement, the settlement will take effect and become final after the time to appeal expires (30 days) or upon the favorable resolution of any appeals challenging the settlement. ~~If the court does not issue final approval of the settlement, or final approval is vacated on appeal, we would be placed back in the same position we were in as of February 1, 2024. In *Sitzer*, we would be able to file posttrial motions and appeal the jury verdict.~~

Gary Bauman, Mary Jane Bauman, and Jennifer Nosalek, individually and on behalf of all others similarly situated vs. MLS Property Information Network, Realty Holdings Corp., Homeservices of America, Inc., BHH Affiliates, LLC, HSF Affiliates, LLC, RE/MAX LLC, and Keller Williams Realty, Inc., Civil Action No. 1:20-cv-12244, in the United States District Court for the District of Massachusetts. Plaintiffs filed this *Moehrl* copycat Class Action Complaint on December 17, 2020, which alleges that the Defendants in this case conspired to require Plaintiff home sellers to pay buyer brokers' commissions at an inflated rate when listing a property on a Multiple Listing Service ("MLS") site, in violation of Section

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

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

James Havassy v. Keller Williams Realty, Inc., et al., Civil Action No. 2:21-CV-4609, in the Eastern District of Pennsylvania. Plaintiff filed this putative class action on September 24, 2021, alleging that Keller Williams Realty, Inc. is vicariously liable for alleged violations of the Telephone Consumer Protection Act ("TCPA"), 47 U.S.C. § 227 by two independent ~~realtors~~ real estate agents associated with a franchisee market center. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. This case was not part of the class settlement agreement entered in the *DeShay* case. We will continue to defend ourselves in this matter.

Wayne Garvey v. Keller Williams Realty, Inc., et. al. Civil Action No: 2-23-cv-920, in the United States District Court for the District of Nevada. Plaintiff filed this putative class action on June 12, 2023 alleging that Keller Williams Realty, Inc. is vicariously liable for the alleged violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227, by an independent real estate agent associated with a franchisee market center. Plaintiff named the real estate agent as a defendant as well. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. We will vigorously defend against the matter.

John Davis v. Inga Dow, Keller Williams Realty, Inc., Gary Keller, and Josh Team, Civil Action No. 4:22 cv-00970-O, in the United States District Court, Northern District of Texas, Fort Worth Division ("Litigation"). Keller Williams Realty, Inc. Gary Keller and Josh Team are "Defendants." Plaintiff filed the Litigation on October 27, 2022, alleging claims against Inga Dow, for among other things, abuse of process for filing the above-described lawsuit, against Keller Williams Realty, Inc. for fraud by omission and breach of contract, and against Gary Keller for civil conspiracy, breach of fiduciary duty, breach of good faith and fair dealing, breach of contract, and tortious interference with contract. On March 13, 2023, the Court heard Defendants' motion to compel the Litigation to arbitration and thereafter ordered the Plaintiff's² claims compelled to arbitration. The Court further ordered the Litigation stayed and administratively closed. Plaintiff appealed to the Fifth Circuit Court of Appeals ("Appellate Court") the Court's ruling compelling arbitration, and the Appellate Court dismissed Plaintiff's appeal. Plaintiff has filed a demand for arbitration, and an arbitrator has been appointed. Defendants will continue to vigorously defend against the matter.

Colleen L. Basinski, Bart S. Basinski, and Baz Investment Group, Inc. v. Keller Williams Realty, Inc., Gary Keller, Marc King, Dan Holt, and Colette Ching, Civil Action No. D-1-GN-23-001314, in the District Court of Travis County, Texas. Plaintiffs filed this action on March 9, 2023, alleging claims against the defendants for tortious interference. Keller Williams Realty, Inc. removed the case on March

and Unfair Competition under California Business & Professional Code § 17200 et seq. against Keller Williams Realty, Inc.; and claims for Conversion and Civil Recovery of Stolen Property Received under California Penal Code § 496 against Set Group, Inc. d/b/a/ Keller Williams Encino Sherman Oaks and Terri L. Arias. Keller Williams has not yet been served with this Complaint. Defendants will vigorously defend against the matter.

Jerri L. Moulder P.C. and Jerri L. Moulder, individually and on behalf of all other similarly situated v. Keller Williams Realty, Inc., Case No. 5:24-cv-00292, in the United States District Court for the Western District of Texas at San Antonio. Plaintiffs filed a Class Action Complaint on March 22, 2024, alleging claims for Breach of Contract, Declaratory Relief, and Unjust Enrichment against Keller Williams Realty, Inc. arising from the approval of the Keller Williams International Associate Leadership Council (“IALC”), a council of Keller Williams real estate Associates, to implement changes to the Keller Williams Policies & Guidelines Manual, a policy and guidelines manual created and maintained by the IALC. The changes would reduce the amount of distributions from the Profit Sharing Program to eligible Keller Williams Associates who leave (or have already left) Keller Williams and join (or have already joined) a competitor. These changes have not been implemented and may never go into effect depending on an upcoming May 16, 2024 IALC vote to repeal the changes before they are implemented. Plaintiffs seek to represent a nationwide class of individuals who joined a Keller Williams franchise before April 1, 2020, are eligible to receive distributions from the Profit Sharing Program, and have left Keller Williams and joined a competitor or will leave Keller Williams and join a competitor. Since this action was filed, other plaintiffs have filed copycat class action complaints in various federal courts throughout the U.S. based on the same yet-to-be implemented IALC approved changes to the Profit Sharing Program. Each of the Complaints is brought by a plaintiff who would be a member of the nationwide class alleged in the *Jerri L. Moulder P.C.* lawsuit. We have not yet responded to any of the complaints, but we ~~intended~~intend to vigorously defend against the matter.

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

CONCLUDED

Inga Dow v. Keller Williams Realty, Inc., John Davis, Go Management, LLC, David Osborn, Smokey Garrett, and Gary Keller; Civil Action No. 4:21-CV-1209-P, in the United States District Court, Northern District of Texas, Fort Worth Division. Plaintiff filed this action on November 2, 2021, alleging claims against Keller Williams Realty, Inc. under Title VII of the Civil Rights Act of 1964, the Texas Labor Code, and the Americans with Disabilities Act. Plaintiff alleged claims against Keller Williams Realty, Inc. for tortious interference, against Gary Keller for negligent supervision, and against others. All defendants filed a motion to dismiss and, Keller Williams Realty Inc. and Gary Keller also filed, in the alternative, a motion to compel arbitration. On September 9, 2022, the Court granted the motion to compel arbitration of the claims filed against Keller Williams Realty, Inc. and Gary Keller. The Court also stayed Plaintiff’s claims against the other defendants. Keller Williams Realty, Inc. and Gary Keller will continue to vigorously defend against the matter. Without a finding or admission of liability, Keller Williams Realty, Inc. and Gary Keller agreed to a settlement and on or about September 25, 2023, Dow dismissed with prejudice her claims against KWRI and Keller.

Beverly DeShay v. Keller Williams Realty, Inc., Case No. 2022CA000457, in the Circuit Court of the Nineteenth Judicial Court in and for Indian River County, Florida. Plaintiff filed this putative class action on June 29, 2022, alleging that Keller Williams Realty, Inc. is vicariously liable for alleged violations of the Telephone Consumer Protection Act (“TCPA”), 47 U.S.C. § 227 by independent real estate agents associated with one or more franchisee market centers. Plaintiff seeks actual and/or statutory damages,

costs and injunctive relief. We entered into a class settlement agreement that resolved the alleged claims. Under the terms of the settlement, we agreed to a settlement sum of \$40 million, and we also agreed to create a TCPA task force to enhance compliance, make our existing TCPA/DNC resource page on KW Connect more visible to KWRI's franchisees and their independent real estate agents, and provide additional materials to our franchisees about TCPA/DNC compliance so they could use with their independent real estate agents. The settlement sum is for the payment of approved claims to class members, settlement administration expenses, the CAFA notice, and the award of attorney fees. The class administrator has not made a final determination of approved claims yet and the payment of the attorney fee award is being made pursuant to a payment schedule that will extend into 2025. The court issued final approval of the settlement on April 19, 2023. The case was dismissed with prejudice on April 19, 2023.

Danna St. John v. Keller Williams Realty, Inc., Civil Action No. 6:19-CV-1347, in the United States District Court for the Middle District of Florida. Plaintiff filed this action on July 22, 2019, alleging that Keller Williams Realty, Inc. is vicariously liable for alleged violations of the Telephone Consumer Protection Act ("TCPA"), 47 U.S.C. § 227 by independent real estate agents associated with one or more franchisee market centers. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. The class settlement agreement entered in the *DeShay* case resolved the claims alleged in this case. The case was dismissed with prejudice on August 2, 2023.

Brian Hayhurst v. Keller Williams Realty, Inc., Civil Action No. 1:19-CV-657, in the United States District Court for the Middle District of North Carolina. Plaintiff filed this action on July 2, 2019, alleging that Keller Williams Realty, Inc. is vicariously liable for alleged violations of the Telephone Consumer Protection Act ("TCPA"), 47 U.S.C. § 227 by independent real estate agents associated with one or more franchisee market centers. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. The class settlement agreement entered in the *DeShay* case resolved the claims alleged in this case. The case was dismissed with prejudice on August 1, 2023.

Bruce Wright, et al. v. Keller Williams Realty, Inc., et al., Civil Action Nos. 1:18-CV-775, 1:21-CV-76, 1:20-CV-835, in the Western District of Texas. Plaintiffs filed this action on May 2, 2018, alleging that Keller Williams Realty, Inc. is vicariously liable for alleged violations of the Telephone Consumer Protection Act ("TCPA"), 47 U.S.C. § 227 by independent real estate agents associated with one or more franchisee market centers. Plaintiff seeks actual and/or statutory damages, costs and injunctive relief. Two other TCPA lawsuits were consolidated with this action, including one filed against the Troy Market Center. The class settlement agreement entered in the *DeShay* case resolved the claims alleged in this case. The case was dismissed with prejudice on August 7, 2023.

David G. Cunningham v. Richard G. Geha, JR Group, Inc., Keller Williams Realty, Inc., Case No. RG15754368 before the Superior Court of the State of California in the County of Alameda. On September 21, 2015, David G. Cunningham, an investor in JR Group, Inc., a franchisee operating a Market Center located in Pleasanton, California, named Keller Williams Realty, Inc. in a previously filed lawsuit against Richard G. Geha and JR Group, Inc., arising from claims that JR Group, Inc. breached a written contract with Mr. Cunningham by failing to repurchase his shares in JR Group, Inc. Plaintiff is pursuing a single cause of action against us for breach of the implied covenant of good faith and fair dealing. Plaintiff alleges that we failed to timely consider and act upon a request for approval of a transfer of his ownership interest. Plaintiff seeks an award of damages, costs of suit and for other relief deemed just and proper by the Court. We filed a motion to compel contractual arbitration, which was granted. The parties to the suit participated in a settlement conference in the Alameda Superior Court on July 18, 2017. Following the settlement conference, without a finding or admission of liability, we agreed to a settlement. Pursuant to this settlement, we paid \$25,000 to Mr. Cunningham, approved the transfer of Mr. Cunningham's ownership interest in JR Group, Inc., and approved the transfer of the ownership interest of Andrew Greenwell, another investor in JR Group, Inc. Mr. Cunningham's lawsuit against us was dismissed, such dismissal precluding Mr. Cunningham from initiating or prosecuting any arbitration proceedings against us.

Jana Caudill and Leaders, LLC d/b/a Red Key Realty Leaders v. Keller Williams Realty, Inc., Case No. 1:13-CV-04693 in the United States District Court for the Northern District of Illinois Eastern Division. Plaintiff Plaintiff Leaders, LLC is a former franchisee of Keller Williams Realty, Inc., and Jana Caudill is both a principal of Leaders, LLC and a former Keller Williams Realty, Inc. employee. ~~Plaintiffs~~ Plaintiffs filed a complaint on June 27, 2013 and subsequently amended their complaint on July 9, 2013, alleging that Keller Williams Realty, Inc. breached a contract with Plaintiffs by disclosing the terms of a confidential settlement agreement in its Franchise Disclosure Document. Plaintiffs sought an award of damages, including liquidated damages or in the alternative actual damages in an unspecified amount, plus attorneys' fees, costs and the prohibition of future disclosures. We filed an answer, affirmative defenses and counterclaims. On April 9, 2015, the District Court granted partial summary judgment to us on the grounds that plaintiffs had failed to establish causation and damages, and rejected the claim for liquidated damages as unenforceably disproportionate in light of plaintiffs' lack of actual damages from the disclosure. On September 27, 2015, the District Court issued a further opinion denying plaintiffs' request for a permanent injunction against future disclosures, dismissing our alternative counterclaims for reformation of the settlement agreement, and entering a final order of judgment. Plaintiffs then appealed to the Seventh Circuit in *Jana Caudill and Leaders, LLC d/b/a Red Key Realty Leaders v. Keller Williams Realty, Inc.*, Case No. 15-3313, United States Circuit Court (7th Cir.). The Seventh Circuit affirmed the District Court's judgment on July 6, 2016.

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

Other than the 27 actions described above, no litigation is required to be disclosed in this Item. However, in the ordinary course of conducting a real estate business, our franchisees have been named in lawsuits related to the sale of real estate, and we, our Predecessor and some of the persons identified in Item 2 have been named as well. We do not consider these actions to be material.

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Disclosure Document.

ITEM 5 INITIAL FEES

Initial Franchise Fee: We currently charge an initial franchise fee of \$35,000 for a Market Center franchise, which includes \$6,000 allocated to a subscription plan allowing certain of your personnel to participate in training and coaching programs. (See Item 11.)

You must pay the full initial franchise fee in a lump sum when you execute your Franchise Agreement. If we award you a franchise, the initial franchise fee is fully earned and nonrefundable. We are not obligated to refund or return any fees you paid if the Franchise Agreement is terminated for any reason. If the pre-paid training fee subscription is not used in full within 18 months from the date you sign your Franchise Agreement, any unused portion will be forfeited to us.

FSO Registration Fees: We require your Operating Principal, Team Leader and Market Center Administrator to attend Franchise Systems Orientation. Currently we offer an in-person class option for a fee of \$399 per person. We also require that each of your Franchisee's Principals and other members of your Franchisee's Group we designate in the Brand Standards Manuals or otherwise in writing attend Franchise Systems Orientation and Investor Workshop before you open your Market Center and once

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Exterior Office Signs (8)	\$1,500 to \$3,000	Vendor's terms	Before opening	Vendors
Initial Office Furniture (9)	\$2,000 to \$5,500	Vendor's terms	Before opening	Vendors
Initial Office Supplies (10)	\$1,100 to \$3,000	Vendor's terms	Before opening	Vendors
Initial Printed Materials (11)	\$900 to \$1,500	Vendor's terms	Before opening	Vendors
Professional Expenses (12)	\$500 to \$1,500	Vendor's terms	At time of service	Vendors
Initial Phone Systems (13)	\$200 to \$2,000	Vendor's terms	Before opening	Vendors
Initial Advertising (14)	\$1,000 to \$2,400	Vendor's terms	At time of opening	Vendors
Additional Funds - 3 months (15)	\$9,900 to \$19,500	Cash	As needed	Not Applicable
TOTALS	\$29,600 to \$88,650 <u>88,150</u>			

Notes:

* Unless otherwise stated, none of the expenses described in this chart are refundable.

(1) The initial Business Center fee is nonrefundable.

(2) In addition to having a licensed broker for the Market Center, you may need to secure for the Business Center the services of a real estate broker duly licensed in the state in which the Business Center will be located. This requirement depends on local laws and regulations.

(3) Your actual fees may be increased by the applicable professional associations or organizations in relation to the number of Associates who establish membership in them, if any. KWRI does not require does not require membership or participation in any national, state or provincial, or local REALTOR® association or in any other trade associations or organizations. Each Market Center may establish its own guidelines.

(4) You must carry insurance for comprehensive general liability, professional errors and omissions, liability, workers' compensation and employers liability (unless your state requires a particular qualifying plan), automobile liability and any other insurance as required by the state or locality in which your Business Center is located, and you must maintain these insurance coverages in the amounts specified in Item 8 for the Business Center. The actual premiums for insurance will vary from the estimated semi-annual premiums provided above depending on certain factors unique to each franchisee, such as location, staff size, business volume, claims experience and deductibles selected. If permitted, you may carry the Business Center on a rider to the policies for the Market Center.

(5) You must obtain a location for the Business Center that is acceptable to and approved by us in advance in writing. We anticipate that you will lease the Business Center. The lower estimate

and resell to Franchisees and their Associates. See Item 6. For the fiscal year ended December 31, 2023, we had revenues of \$475,258,181, net of real estate platform revenue of \$22,007,755. Of this amount, revenues from the purchase or use of the above-described products and services by our Market Center franchisees and regional representatives (and not otherwise described in Item 6) were \$98,209,843. These revenues were derived from Training Events/Products, Associate Tech Fees, Marketing Development Fees, shipping revenue, and Technology Fees. This represents approximately ~~10.920.7%~~ of our revenues (net of real estate platform revenue) for the year.

Our Executive Chairman and Chairman of the Board Gary Keller and certain other executives listed in Item 2 have ownership interests in a number of affiliates and other related parties that may offer and sell products and services to Market Center franchisees and their Associates. The below chart lists these affiliates and their revenues from selling products and services to Market Center franchisees during our 2023 fiscal year (if any).

Affiliate or related Entity	2023 Fiscal Year Revenues From Market Center Franchisee Purchases*
KW Insurance, Ltd.	\$0
Smarter Agent Mobile, LLC	\$0
KW Accelerator Studios, LLC (currently inactive)	\$0
Rellek Publishing Partners, Ltd.	\$0
KM Dublin, LLC (f/k/a/ Keller Mortgage, LLC) (currently inactive)	\$0
**Keller Title, LLC	\$0
Keller Williams, LLC	\$0
Keller Williams, Inc	\$0
Keller Williams Brokerage, LLC	\$0
Livian LLC	\$0
Keller Offers, Ltd. (currently inactive)	\$0
Conveyance Pros, LLC (currently inactive)	\$0
**Real Intelligent Sales Engagement, LLC	\$0
72Sold National, LLC	\$0

*Note that these amounts do not include revenues from selling products and services to Market Center Associates and other third parties. Nor have we included in this chart revenues that our affiliated regions receive from us as compensation for performing regional representative duties on our behalf since our Market Center Associates do not purchase any goods or services from our affiliated regions.

**As noted in Item 1, these entities are no longer affiliates.

In addition to the program(s) described above, we from time-to-time contract with manufacturers and suppliers (including certain of our affiliates) who provide us volume discounts, rebates and other cash payments based on volume purchases of supplies, products or services used by us or our franchisees. We anticipate that certain volume discounts, rebates and other cash payments received by us as a direct result of your purchase of supplies, products or services will be, in our sole discretion: (a) paid to you, (b) contributed to the development and implementation of our plan for advertising Keller Williams services, (c) retained by us, or (d) otherwise used to benefit the Keller Williams System. In all cases, we will deduct our expense to coordinate, evaluate and test supplies, products or services. We reserve the right to receive revenue and make a profit from the sale of products or services to you by our affiliates, vendors, or other third parties.

Except as described above, neither we nor our affiliates derived any revenue from purchases made or leases entered into by our Franchisees or Regional Representatives. Our affiliate, Rellek, receives royalty payments from the direct or indirect sale of books and audio books to our Franchisees and Associates. We anticipate receiving revenues from third party vendors based on sales of third-party services purchased by agents from the KW Marketplace.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-affiliated or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Debbie Gardner in our Franchise Systems Department at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746 and (512) 327-3070, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**MARKET CENTERS
(see below for charts covering Business Centers)**

**TABLE NO. 1
SYSTEMWIDE MARKET CENTER SUMMARY
FOR FISCAL YEARS 2021 TO 2023**

Market Center Type	Year	Market Centers at the Start of the Year	Market Centers at the End of the Year	Net Change
Franchised*	2021	814	794	-20
	2022	794	784	-10
	2023	784	766 <u>761</u>	-18 <u>-23</u>
Company-Affiliated*	2021	6	17	+11
	2022	17	42	+25
	2023	42	44	+2
Total Market Centers**/**	2021	820	811	-9
	2022	811	826	+15
	2023	826	810 <u>805</u>	-16 <u>-21</u>

*For purposes of the mathematical calculations of the Item 20 charts, Market Centers were counted as either “Company-Affiliated Market Centers” or “Franchised Market Centers” according to Item 20 specifications as of December 31st of each year. As such, the Company-Affiliated Market Centers and Franchised Market Centers totals may not consistently reconcile on a year-to-year basis. We treat as “Company-Affiliated Market Centers” any Market Center for which we (through KWEN) or our Item 2 listees have a material ownership interest.

**As noted in Item 1, KWEN brokerages that were opened in 2022 or 2023 are counted as company-affiliated Market Centers.

***Total number of Market Centers in this Table No. 1 and the other Tables may differ from the numbers provided in our prior franchise disclosure documents. These numbers now reflect Market Centers approved for operation and opened by fiscal year end, as opposed to the date of the Market Center franchise agreement.

State	Year	Market Centers Operating at Start of Year	Market Centers Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Market Centers Operating at Year End
Pennsylvania	2023	10	0	0	0	0	0	10
	2021	29	0	0	0	0	0	29
	2022	29	0	0	0	0	0	29
	2023	29	0	0	0	2	2**	25
Rhode Island	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2
	2023	2	0	0	0	0	0	2
South Carolina	2021	14	0	0	0	0	0	14
	2022	14	0	0	0	0	0	14
	2023	14	0	0	0	0	0	14
South Dakota	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Tennessee	2021	15	0	0	0	0	0	15
	2022	15	1	0	0	0	0	16
	2023	16	0	1	0	0	0	15
Texas**	2021	54	1	0	0	0	0	55
	2022	55	0	0	0	0	0	55
	2023	55	0	0	0	3	1**	51
Utah**	2021	7	0	0	0	3	0	4
	2022	4	0	0	0	0	0	4
	2023	4	3	0	0	0	0	7
Vermont	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Virginia	2021	27	0	0	0	0	0	27
	2022	27	1	1	0	0	0	27
	2023	27	0	1	0	0	1**	25
Washington	2021	21	0	0	0	0	0	21
	2022	21	1	0	0	0	0	22
	2023	22	0	0	0	0	0	22
West Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	9	1	0	0	0	0	10
	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	0	10
Wyoming	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Canada**	2021	27	0	0	0	0	0	27
	2022	27	3	0	0	0	1	29
	2023	29	3	0	1	0	0	31
Totals	2021	814	5	3	0	11	11	794
	2022	794	13	0	5	0	20	784**
	2023	784	9	8	4	10	10	761

*For purposes of the mathematical calculations of the Item 20 charts, Market Centers were counted as either “Company-Affiliated Market Centers” or “Franchised Market Centers” according to Item 20 specifications as of December 31st of each year.

**As such, the Company-Affiliated Market Centers and Franchised Market Centers totals may not consistently reconcile on a year-to-year basis. In addition, Table Nos. 3 and 4 do not account for transfers or consolidations of Market Centers. As noted in Table 1, a-

*** A total of 11 open and operating Market Centers owned by our executives moved from Franchised to Company-Affiliated in the 2021 Tables, as persons who owned Market Centers became executives, and are listed as Reacquired by Franchisor. A total of 10 open and operating Market Centers owned by our

executives moved from Franchised to Company-Affiliated in the 2023 Tables as persons who owned Market Centers became executives, and are listed as Reacquired by Franchisor.

**TABLE NO. 4
COMPANY-AFFILIATED MARKET CENTERS STATUS SUMMARY
FOR FISCAL YEARS 2021 TO 2023**

State	Year	Market Centers Operating at Start of Year	Market Centers Opened	Market Centers Reacquired from Franchisee*	Market Centers Closed	Market Centers Sold to Franchisee	Market Centers Operating at End of Year
Arizona	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Arkansas	2021	0	0	2	0	0	2
	2022	2	0	0	0	1	1
	2023	1	0	0	0	1	0
Alabama	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
California	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
Connecticut	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Delaware	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	<u>1±0</u>	<u>0±1</u>	0	0	2
District of Columbia	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Florida	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Georgia	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Hawaii	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Idaho	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Illinois	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
Indiana	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Kansas	2021	0	0	0	0	0	0

State	Year	Market Centers Operating at Start of Year	Market Centers Opened	Market Centers Reacquired from Franchisee*	Market Centers Closed	Market Centers Sold to Franchisee	Market Centers Operating at End of Year
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Kentucky	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Louisiana	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Maryland	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Massachusetts	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Missouri	2021	0	0	3	0	0	3
	2022	3	1	0	0	0	4
	2023	4	0	0	0	3	1
Montana	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Nebraska	2021	0	0	2	0	0	2
	2022	2	0	0	0	2	0
	2023	0	0	0	0	0	0
New Jersey	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	<u>4</u>	<u>0</u>	0	0	4
North Carolina	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Ohio	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Oklahoma	2021	2	0	0	0	0	2
	2022	2	1	0	0	0	3
	2023	3	0	0	0	0	3
Oregon	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
South Carolina	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Pennsylvania	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	<u>2</u>	<u>0</u>	0	0	2
Tennessee	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1

State	Year	Market Centers Operating at Start of Year	Market Centers Opened	Market Centers Reacquired from Franchisee*	Market Centers Closed	Market Centers Sold to Franchisee	Market Centers Operating at End of Year
Texas	2021	3	0	0	0	0	3
	2022	3	1	0	0	0	4
	2023	4	<u>3±0</u>	<u>0±3</u>	0	0	7
Utah	2021	0	0	3	0	0	3
	2022	3	1	0	0	0	4
	2023	4	0	0	0	3	1
Vermont	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Virginia	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	6	0	11	0	0	17
	2022	17	28	0	0	3	42
	2023	42	<u>100</u>	<u>0±10</u>	0	8	44

*A total of 11 open and operating Market Centers owned by our executives moved from Franchised to Company-Affiliated in the 2021 Tables as persons who owned Market Centers became executives, and are listed as Reacquired by Franchisor. A total of 10 open and operating Market Centers owned by our executives moved from Franchised to Company-Affiliated in the 2023 Tables as persons who owned Market Centers became executives, and are listed as Reacquired by Franchisor.

**TABLE NO. 5
PROJECTED MARKET CENTER OPENINGS
AS OF DECEMBER 31, 2023**

State	Franchise Agreements Signed but Market Center Not Opened	Projected New Franchised Market Centers in the Next Fiscal Year	Projected New Company Affiliated Market Centers in the Next Fiscal Year
Total	0	0	0

List of Current Market Center Franchisees

Attached as Exhibit I to this Disclosure Document is a list of Market Center franchisees as of December 31, 2023.

List of Former Market Center Franchisees

The following is a list of franchisees who had Market Centers terminated, canceled, not renewed during the 2023 fiscal year or otherwise voluntarily or involuntarily ceased doing business during 2023 or failed to communicate with us during the 10-week period immediately preceding the date of this Disclosure Document.

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

*means a Market Center converted to a Business Center
**means the franchisee transferred their franchise

Entity	Address	City	State	Zip	Phone
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**ADDENDUM TO THE KELLER WILLIAMS REALTY, INC.
DISCLOSURE DOCUMENT FOR CALIFORNIA**

(Market Center)

1. **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.**

2. THE FOLLOWING RISK FACTOR IS ADDED TO THE STATE COVER PAGE:

THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA INCLUDING BUT NOT LIMITED TO A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, LIMITATION OF DAMAGES AND WAIVER OF JURY TRIAL.

3. Item 3 is hereby amended to reflect that:

Neither the Franchisor nor any person or broker identified in Item 2 of the disclosure document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

4. Item 5 of this Disclosure Document is amended by adding the following:

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

5. ~~4-~~Item 6 is amended to reflect that the highest interest rate allowed by law in California for late payments is 10% annually.

6. ~~5-~~Item 17 is hereby amended by the addition of the following language to the original language that appears therein:

California Business and Professions Code §§ 20000 through 20043 (Franchise Relations Act) provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete that continues after the termination of the franchise. This provision may not be enforceable under California law.

Under both the California Franchise Relations Act and the Franchise Investment Law, a provision in a franchise agreement that requires you to waive your rights under either or both of these laws is void. Any release of claims that the franchisor asks you to sign will specifically exclude claims under these franchise laws.

Unless the transaction is exempt under the statute, Section 31125 of the California Corporations Code requires the franchisor to give the franchise a special disclosure document before soliciting a proposed material modification of an existing franchise.

The franchise agreement requires binding arbitration. The arbitration will occur in Austin, Texas with the initial costs being borne by both parties and the final costs being borne by the losing party.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

7. ~~6.~~ THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF THE AGREEMENT.

8. ~~7.~~ OUR WEBSITE (KW.COM) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

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

10. 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.

~~9. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, Any provision of a franchise agreement, franchise disclosure document, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:~~

~~(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.~~

~~(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.~~

~~(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.~~

~~(d) Violations of any provision of this division.~~

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

(Market Center)

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

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

2. Item 17 is amended to include the following paragraph:
3. The Code of Maryland Regulations, COMAR 02.02.08.16L., states that a general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. This may affect the enforceability of certain provisions in the franchise agreement relating to renewal, sale, assignment or transfer of the franchise agreement.
4. Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
5. Item 17 is amended to state that the provision in the License Agreement which provides for termination upon bankruptcy of the Licensee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
6. Item 17 is amended to state that a franchisee can bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
7. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$182,430 to \$335,697. THIS AMOUNT EXCEEDS THE FRANCHISOR'S NEGATIVE STOCKHOLDERS' EQUITY AS OF 12/31/2023, WHICH IS \$46,398,086.
8. WE MAY TERMINATE THE LICENSE AGREEMENT IF YOU DO NOT ACHIEVE AND MAINTAIN MINIMUM MONTHLY GROSS COMMISSION REQUIREMENTS WHICH WE ESTABLISH.

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

(Market Center)

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser 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 Statute 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases):

- that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
- that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser 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 Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges. Please amend the Minnesota Addendum accordingly.

The following is added to Item 5 and Item 7:

The payment of all initial fees to us is deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business pursuant to the franchise agreement.

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

State Effective Dates

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

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

State	Effective Date
California	Pending <u>June 4, 2024</u>
Hawaii	Pending <u>May 6, 2024</u>
Illinois	Pending <u>April 30, 2024</u>
Indiana	Pending <u>April 30, 2024</u>
Maryland	Pending <u>May 15, 2024</u>
Michigan	Pending <u>April 26, 2024</u>
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending <u>May 1, 2024</u>
South Dakota	Pending <u>April 29, 2024</u>
Virginia	Pending <u>May 20, 2024</u>
Washington	Pending
Wisconsin	Pending <u>April 29, 2024</u>

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

**ITEM 23
RECEIPT**

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

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

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

The franchise sellers are: ~~Mare~~Mark Willis and Debbie Gardner (each located at 1221 South Mopac Expressway, Suite 400, Austin, Texas 78746, phone: (512) 327-3070); the Regional Operating Principal, _____, and the Regional Director, _____ located at _____; and each of the following person(s) who were instrumental in selling you a Market Center franchise [TO BE COMPLETED BY YOU AT THE TIME YOU SIGN THE RECEIPT]: _____.

Date of Issuance: April 26, 2024 (see State Registrations page for specific state effective dates)

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

I have received a Disclosure Document issued April 26, 2024 (see State Registrations page for specific state effective dates). This Disclosure Document includes the following Exhibits:

- | | |
|---|---|
| A. Financial Statements | I. List of Franchisees |
| B. Market Center Franchise Agreement (including attachments and state amendments) | J. Agents for Service of Process |
| C. Business Center Addendum | K. State Administrators |
| D. Temporary New Homes Sales Location Addendum | L. Table of Contents of the Brand Standards Manuals |
| E. Mega-Associate Office Addendum | M. Sample Form of General Release |
| F. Commercial Real Estate Addendum | N. Regional Representatives |
| G. Real Estate School Participation Addendum | O. Application Documents |
| H. KW Prep Addendum | P. State Addenda to Disclosure Document |

Dated: _____

Sign Individually or as an Officer

Printed Name
of _____
(a _____ Corporation)
(a _____ Partnership)
(a _____ LLC)

Please return this Receipt by email to the Franchise Systems Department at fdd@kw.com.

**ITEM 23
RECEIPT**

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

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

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

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amendments) | I. | List of Franchisees |
| C. | Business Center Addendum | J. | Agents for Service of Process |
| D. | Temporary New Homes Sales Location
Addendum | K. | State Administrators |
| E. | Mega-Associate Office Addendum | L. | Table of Contents of the Brand Standards
Manuals |
| F. | Commercial Real Estate Addendum | M. | Sample Form of General Release |
| G. | Real Estate School Participation Addendum | N. | Regional Representatives |
| | | O. | Application Documents |
| | | P. | State Addenda to Disclosure Document |

Dated: _____

Sign Individually or as an Officer

Printed Name

of _____
(a _____ Corporation)
(a _____ Partnership)
(a _____ LLC)

Please retain this Receipt for your records.