

FRANCHISE DISCLOSURE DOCUMENT



Five D I, LLC
d/b/a United Real Estate
A Delaware limited liability company
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The franchise offered is for a United Real Estate brokerage (“United Broker Office”), which is an urban properties focused real estate brokerage business.

The total investment necessary to begin operation of a United Broker Office ranges from \$144,500 to \$385,500. This includes \$35,000 that must be paid to us as initial franchise fees.

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this Disclosure Document and all 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, us in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this Disclosure Document.**

You may wish to receive this Disclosure Document in another format that is more convenient to you. To discuss the availability of this Disclosure Document in different formats, please contact United (Jessica Barnard) at 2820 N.W. Barry Road, Kansas City, Missouri 64154, (816) 420-6250, or electronically at jbarnard@unitedrealestate.com.

The terms of the Franchise Agreement will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand the Franchise Agreement. Read the Franchise Agreement carefully. Show the Franchise Agreement and this Disclosure Document to an advisor, such as 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 this Disclosure Document, is available from the Federal Trade Commission (“FTC”). You may contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. You can also visit the FTC’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: July 12, 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:

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in 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. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
4. **Mandatory Minimum Payments.** You must make minimum 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.

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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Item 1
The Franchisor, and any Parents, Predecessors and Affiliates

The Franchisor

The Franchisor is Five D I, LLC. To simplify the Disclosure Document, Five D I, LLC is referred to as “we”, “us” or “United”. “You” means the person or legal entity who buys the franchise, the franchisee. If you are a corporation, limited liability company, partnership or any other type of legal entity, certain of the provisions of the Franchise Agreement (defined below) will also apply to, and be binding upon, certain of your owners and key personnel (referred to as your “Principals”). We will require that one or more of your Principals personally guarantee, and be personally bound by, some or all of your obligations under the Franchise Agreement.

We are a Delaware limited liability company formed on April 8, 2015. We conduct business under the trade names Five D I, United, United Real Estate, Charles Rutenberg Realty Fort Lauderdale, Benchmark Realty, Virtual Properties Realty, Virtual Properties Realty.NET, Virtual Properties Plus and Texas United Realty. Indirectly through our concurrent ownership of the United Country system described below, we also conduct business under the trade names United Country Real Estate, United Country Auction Services, United Country, and Enhanced Marketing Services. We do not do business under any other names.

Our principal business address is 2820 NW Barry Road, Kansas City, Missouri 64154 and we maintain an additional branch office at 5217 Alpha Road, Suite 110, Dallas, Texas. Our agents for service of process are listed in Exhibit C to this Disclosure Document.

Immediate Predecessor and Parents

On June 1, 2015, in connection with an investment transaction by McCarthy Capital Fund V (“McCarthy Capital”), the United Brokerage office franchise system was transferred to us from our immediate predecessor Five D, Inc. (“Predecessor”), which was the franchisor of franchises for the operation of United Broker Offices from February 2013 to May 2015. Our Predecessor’s principal place of business is at 2820 NW Barry Road, Kansas City, Missouri 64154. As of December 31, 2023, there were 72 franchised United broker offices and 18 company-owned United broker offices operating in the United States.

Our immediate parent is United Real Estate Subsidiary Holdco, LLC, which is owned by United Real Estate Holdings, LLC. On June 1, 2015, McCarthy Capital, through its subsidiary McCarthy United Investors, LLC, acquired majority ownership of United Real Estate Holdings, LLC. Each of our parent companies has its principal business address at 1601 Dodge Street, #3800, Omaha, Nebraska 68102.

Through various related entities, McCarthy Capital holds investments in companies in the technology, communications, consumer products, consulting and healthcare industries, including Signal 88 Security. Signal 88 Security is a franchisor of contracted security services in North America. Franchisees engage in the provision of onsite and off-site surveillance, executive security services and security services for contracting clients. Signal 88, LLC is the franchisor of the Signal 88 franchise system and it and its predecessors have offered franchises since 2007. Signal 88, LLC’s principal place of business is 3880 South 149th St, Suite 102, Omaha, NE 68144.

Past Predecessors and Affiliates

In February 2006, our Predecessor acquired all the shares of stock of United Country Real Estate, Inc. (“United Country Predecessor”), the franchisor of the “United Country” real estate broker and auction franchise system. In May 2015, our subsidiary United Country Real Estate, LLC (“United Country”)

became the owner of United Country Predecessor. United Country currently owns and operates the United Country real estate broker and auction franchise system.

We hold 50% joint venture ownership interests in 4 brokerage offices that sell real estate under the same “United” trademark that you will use:

(1) URE Chicago, LLC sells real estate in the metropolitan Chicago, Illinois area and has its principal place of business at 1600 16th Street, Ste. #7, Oak Brook, IL 60523.

(2) URE Houston, LLC sells real estate in the metropolitan Houston, Texas area and has its principal place of business at 3131 Briarpark Dr., Ste. 125, Houston, TX 77042.

(3) URE Philadelphia LLC sells real estate in the metropolitan Philadelphia, Pennsylvania area and has its principal place of business at 150 Allendale Road, King of Prussia, PA 19406.

(4) URE Washington D.C. LLC sells real estate in the Washington D.C. area and has its principal place of business at 10780 Parkridge Boulevard Suite 75B, Reston, VA 20191.

We also hold a 100% ownership interest in 3 brokerage offices that sell real estate under the “United” trademark:

(1) URE Dallas, LLC sells real estate in the metropolitan Dallas, Texas area and has its principal place of business at 6959 Lebanon Road, Suite 107, Dallas, TX 75034;

(2) United Real Estate Fort Lauderdale, LLC (dba Charles Rutenberg Realty Fort Lauderdale) sells real estate in the metropolitan Fort Lauderdale, Florida area and has its principal place of business as 2001 W. Prospect Road, #200, Fort Lauderdale, FL 33309; and

(3) Benchmark Realty, LLC (a United company) sells real estate in the metropolitan Nashville, TN area and has its principal place of business at 318 Seaboard Lane, Ste 115, Franklin, TN 37067.

(i) Benchmark Realty, LLC also holds 50% ownership in 2G Holdings, Inc. dba Benchmark Realty - Bowling Green at 2800 Scottsville Rd., Ste. #200, Bowling Green, KY 42104.

We also hold 70% ownership in Rayson Partners, LLC dba United Real Estate Gallery, which has its principal place of business at 8380 Baymeadows Road, Ste. 17, Jacksonville, FL 32256.

Further, we hold 15% ownership in United DFW Properties, LLC dba United Real Estate – DFW Properties, which has its principal place of business at 430S. Main Street, Ste. A, Grapevine, TX 76051.

In addition, we hold 100% ownership interests in four brokerages that offer and sell real estate, but which are not United Broker Offices that use the Marks and System:

(1) Virtual Properties Realty, LLC, located at 2750 Premiere Parkway, Duluth, GA 30097.

(2) Virtual Properties Realty.NET, LLC, located at 2750 Premiere Parkway, Duluth, GA 30097.

(3) Virtual Properties Plus, LLC, each located at 2750 Premiere Parkway, Duluth, GA 30097.

(4) Quick-Close Properties, LLC dba Texas United Realty, located at 10920 Grant Road, Houston, TX 77070.

Further, we hold ownership interests in the following brokerages that offer and sell real estate, but which are not United Broker Offices that use the Marks and System:

- (1) 80% ownership in Platinum Realty, LLC, with a main office location of 1705 Baltimore Ave., Kansas City, MO 64108.
- (2) 75% ownership in Pearson Smith Realty, LLC, with a main office location of 43777 Central State Drive, Ste. 390, Ashburn, VA 20147.
- (3) 55% ownership in Leading Edge, LLC, with a main office location at 1423 Huntsville Hwy., Ste. A-E, Fayetteville, AR 37334.
- (4) 55% ownership in UC – Georgia, LLC dba United Country Real Estate | Georgia Land & Home with a main office location at 2750 Premiere Pkwy., Ste. 200, Duluth, GA 30097.
- (5) 50% ownership in Charles Rutenberg Realty – Orlando, LLC located at 631 Orlando Ave., Ste. 200, Winter Park, FL 32789.

And, finally, we own a 50% ownership interest in Unitum Texas, LLC, with a main office address of 19111 Dallas Parkway, Ste. 120, Dallas, TX 75287, and United Title, LLC, with a main office address of 702 King Farm Blvd., Ste. 155, Rockville, MD 20850 which offers and sells title insurance in the real estate market.

United Country traces its roots to 1925 and franchises the “United Country” brokerage system under a separate disclosure document. From 1997 to 2015, United Country Predecessor owned and franchised the “United Country” brokerage system. United Country continues to offer and sell franchises under the “United Country” trademark and brokerage system. As of December 31, 2023, there were 395 United Country franchised broker offices in operation in the United States which includes 2 company-affiliated United Country broker office in operation in the United States. As noted below, certain of United Country’s franchisees operated under the United National Real Estate name and format through 1997, but were converted to the United Country format and operated under a United Country Franchise Agreement from and after January 1, 2008. There are no franchisees now operating under United National Real Estate Franchise Agreements.

Neither we, our Predecessor, United Country, United Country Predecessor, nor any other predecessor noted below has offered franchises in any line of business other than United Country Broker Offices and United Broker Offices for the conduct of a real estate brokerage or auction businesses.

United Country Predecessor is also our predecessor with respect to the Marks (defined below). United Country Predecessor was originally formed as a corporation in Missouri in May 1990 as First Horizon Corporation (“First Horizon”). In November 2003, First Horizon changed its name to United Country Real Estate, Inc. to more closely identify with the “United Country” name and it’s then owned “United” service marks.

Our other predecessors are United National Franchise Company, Inc. (“United Franchise”), United National Real Estate, Inc. (“Old United”) and United Farm Agency, Inc. (“United Farm”). The last known principal business address of our other predecessors is 2820 NW Barry Road, Kansas City, Missouri, 64154.

Old United and United Farm were predecessors of both First Horizon and United Franchise and are thus predecessors of United Country and United. Old United had previously purchased most of its assets, including the trade name and trademarks, from United Farm Agency, Inc. who had actively marketed real estate services from 1925 to June 1, 1987. Old United continued this service business and in 1989 formed United Franchise to offer franchises in certain states.

Beginning in 1987 Old United offered certain contract services to independent real estate brokers and salespeople who operated under the trade name United National Real Estate. United Franchise was later incorporated by Old United to offer franchises in certain States and Old United licensed its trade name and trademarks to United Franchise for this purpose. Beginning January 1, 1989, United Franchise began offering franchises to real estate brokers.

In 1990, Old United sold its stock in United Franchise to certain individuals and sold its other assets including the trade name and trademark to First Horizon. Neither Old United nor United Farm is operative now. United Franchise continued to offer franchises for real estate brokerage offices under the name United National Real Estate and First Horizon continued to provide products or services to franchisees of United Franchise and others.

Effective October 31, 1995, United Franchise merged into First Horizon with First Horizon as the surviving corporation. Effective with the merger, the surviving corporation began the merged businesses under the name United National Real Estate, and became the owner of all of the assets of First Horizon and United Franchise. Thus, both First Horizon (before the merger) and United Franchise may be considered “predecessors” of us and United Country. Before the merger, First Horizon and United Franchise were under common control. After the merger, our predecessor United Country offered franchises under the name United National Real Estate until approximately March 1997.

Old United did not itself operate any real estate brokerage offices, but First Horizon/United Country owned and operated a real estate brokerage office in Texas under the Marks from 1994 to 2005 when it was transferred to a new franchisee.

In 1988, Old United licensed United National Real Estate of California, Inc. (“United-California”) to offer United Country franchises to real estate brokers in California. Until May 11, 1990, United-California was a wholly-owned subsidiary of Old United. On May 11, 1990 First Horizon acquired certain assets of Old United, including the stock of United-California. On August 1, 1991, First Horizon sold the stock in United-California to an independent third party who changed the corporate name to Country Connections, Inc. At that same time First Horizon and Country Connections entered into a new License Agreement for Country Connections’ exclusive right to sell and administer franchises in California. As parent corporations to United-California, Old United (from June 30, 1988 to May 11, 1990) and First Horizon (from June 11, 1990 to August 1, 1991) were affiliates of United-California, but neither Old United nor First Horizon had any affiliation with Country Connections (except for the License Agreement). The License Agreement expired by its terms on March 31, 2000 and on that date Country Connections assigned to United Country its rights in all Franchise Agreements with California franchisees.

Description of the Franchise

We offer franchise agreements (“Franchise Agreements”) that grant the right to locate, own and operate an urban properties focused real estate brokerage office (“Broker Office”) in a specific geographic area (“Territory”).

Broker Offices operate under the System (defined below) and the “Marks”, which include (i) the United and United Real Estate trademarks and logos, (ii) the United Real Estate trade name, (iii) the elements and components of a Broker Office’s trade dress, and (iv) any and all additional, different or replacement trade names, trademarks, service marks, logos and slogans that we adopt occasionally to identify the System (defined below) and the products and services offered by Broker Offices. Our predecessor and affiliate United Country owns the trade names United Country and United National Real Estate. You will not have any right to use the trade names United Country and United National Real Estate. Neither we nor our predecessor and affiliate United Country are currently using the United National Real Estate trade name.

You must operate your United Broker Office according to our operational guidelines, opening guidelines, initial and ongoing training programs, business methods, designs, arrangements and standards, including

those pertaining to the United Broker Office Business Address selection, United Broker Office construction, building design, signage and layouts, equipment, products, preparation and specifications for brokerage and auction products and services, training, methods of inventory control and requirements and policies regarding personnel, accounting and financial performance, advertising and marketing programs and information technology, all of which we may improve, further develop or otherwise modify (the “System”).

We do not offer an agreement which grants the right to operate multiple United Broker Offices.

During the remainder of 2024 and into early 2025, we are offering existing larger real estate brokerages that satisfy certain minimum agent and annual transaction counts the opportunity to obtain reductions on certain continuing fees if they sign a Franchise Agreement with us under this Disclosure Document and convert their brokerages to United Brokerages. Details on the eligibility requirements and specific fees and amounts of these continuing fee reductions are contained in Item 6. There are no additional or different initial fees than those described in Item 5 associated with this larger real estate brokerage conversion opportunity. Nor are there any additional or different initial investment costs than those described in Item 7 associated with this larger real estate brokerage conversion opportunity.

The Franchised Business

The Broker Offices specialize in the listing and sale of properties in their Territory and are primarily located or have established their offices in cities with population in excess of 50,000. Unlike most franchised real estate companies, we receive continuing fees based on your agent count and the number of real estate and lease transactions you and your real estate agents (“Agents”) complete. We do not charge you fees based on the value of the real estate and lease transactions you and your Agents complete.

Broker Office franchisees and their Agents may offer their services to any parties and such services include representation of either buyer and/or seller in sale transactions and landlord and/or tenant in lease transactions, but unless we have otherwise agreed in writing, Broker Office franchisees and their Agents may not routinely offer or sell agricultural, hunting, recreational, or other rural lifestyle properties. Broker Offices may provide services to both residential and commercial clients.

Our Broker Offices differ from “United Country” brokerages franchised by our predecessor and affiliate United Country in multiple ways, including the name used (United vs. United Country), the markets serviced (primarily metropolitan markets vs. rural markets), the fees charged (flat fees vs. percentage of commissions) and the marketing media used (web-based vs. hardcopy catalogs).

Competition

All segments of the real estate brokerage business are highly developed, competitive and are often significantly affected by demographic changes and by local and national economic conditions, including specifically the urban properties market. The Broker Offices compete with a large number of established independent and franchised or licensed real estate brokerage businesses, including potentially with our predecessor and affiliates’ franchised “United Country” brokerages.

Industry Regulations

The operation of a real estate brokerage office is regulated by state law. In addition, a broker’s conduct in connection with the closing of any sale may be subject to the provisions of federal law, especially the Real Estate Settlement Procedures Act. All states require certain licensing in connection with the operation of a real estate brokerage business. Individuals desiring to be brokers and/or agents must generally complete certain training and pass state-administered license examinations. These examinations cover applicant’s knowledge of real estate transactions, in general, and also specific standards of ethics and conduct required of real estate brokers and/or agents in that state.

Item 2
Business Experience

Unless otherwise stated, each of the individuals listed in this Item 2 is located at our headquarters in Kansas City, Missouri or our additional branch office in Dallas, Texas.

Robert Y. Emmert
Board of Managers

Mr. Emmert has served as a Managing Member for United Real Estate Holdings, LLC and its related entities since August 2019. Mr. Emmert also serves as a Partner of McCarthy Capital in its Omaha, Nebraska headquarters and has held that position since 2008.

Mike Yirilli
Board of Managers

Mr. Yirilli has served as a Managing Member for United Real Estate Holdings, LLC and its related entities since December 2020. Mr. Yirilli also serves as a Partner of Abry Partners in its Boston, Massachusetts headquarters and has held that position since 2007.

Brian Zaversnik
Director

Mr. Zaversnik has served as Director for United Real Estate Holdings, LLC and its related entities, including us, since May 2015. Mr. Zaversnik has also served as Vice President – Private Equity of McCarthy Capital since February 2013 and is located at McCarthy Capital’s Omaha, Nebraska headquarters. In his role as Vice President – Private Equity of McCarthy Capital, Mr. Zaversnik has also served as a Director of Signal 88 Security since January 2015.

M. Daniel Duffy
Chief Executive Officer, Secretary and Board of Managers

Mr. Duffy has served as Chief Executive Officer, Secretary and Managing Member for United Real Estate Holdings, LLC and its related entities, including us, since May 2015, a continuation of his service as our Predecessor’s Chairman, President and Chief Executive Officer from 2005 to May 2015. Mr. Duffy has also served as Chief Executive Officer, Secretary and Managing Member of our affiliate United Country since May 2015, a continuation of his service as a Director, Chairman and the Chief Executive Officer of our predecessor, United Country Predecessor, from February 2006 to May 2015.

Scott A. Johnson
Chief Financial Officer

Since February 2017, Mr. Johnson has served as our Chief Financial Officer for United Real Estate Holdings and all affiliates in Dallas, Texas.

Rick Haase
Chief Operating Officer and President, United Real Estate Division

Since March 2019, Mr. Haase has served as President of United Real Estate and Chief Operating Officer of United Real Estate Holdings, LLC, which includes United Real Estate and United Country Real Estate, at its branch office in Dallas, Texas.

David A. Dickey
Chief Technology Officer

Since May 2015, Mr. Dickey has served as our Chief Technology Officer, a continuation of his service in such role with our Predecessor from January 2007 to May 2015. Since May 2015, Mr. Dickey has also served as the Chief Operations and Technology Officer of United Country, a continuation of his service in such role with our predecessor, United Country Predecessor, from January 2007 to May 2015.

Tyler Anderson
Vice President of Franchise Development

Since October 2020, Mr. Anderson has served as our Vice President of Franchise Development. From January 2017 to October 2020, Mr. Anderson was a Director of Franchise Sales for ERA Real Estate, LLC.

Jessica Barnard
Director of Business Development and Legal Affairs

Ms. Barnard serves as our Director of Business Development and Legal Affairs for United Real Estate Holdings, LLC, located in Kansas City, MO, since July 2015. Ms. Barnard joined our predecessor and affiliate, United Country, in March 2012 as Compliance and Legal Analyst.

Douglas Adams
Vice President, Franchise Development

Mr. Adams serves as our Vice President, Franchise Development since January 2024 and is located in Denver, Colorado. From January 2020 until January of 2024, Mr. Adams served as our Vice President, Broker Engagement and served as Chief Operations Officer for United Country from May 2016 until January 2020. From May 2015 to May 2016, Mr. Adams was Director of International Development for United Country.

Item 3
Litigation

Gibson. et al. v. National Association of Realtors. et al.; Western District of Missouri; case No. 4:23-cv-00788. On October 31, 2023, Plaintiffs filed a putative class action against National Association of Realtors, United Real Estate (the dba for Five D I, LLC hereinafter “United”), and a number of other real estate brokerages on behalf of a proposed nationwide class of home sellers, alleging a single count of violation of Section 1 of the Sherman Act. In the Complaint, Plaintiffs allege that United and the other real estate brokers conspired with the National Association of Realtors and engaged in anticompetitive behavior. On March 4, 2024, Plaintiffs filed an Amended Complaint, and on April 19, 2024, Plaintiffs moved to consolidate this case with the case described below. United intends to vigorously contest the allegations and raise all appropriate defenses.

Batton. et al. v. Compass. Inc .• et al.; Northern District of Illinois; case No. 1 :23-cv-15618. On November 2, 2023, Plaintiffs filed a putative class action against United Real Estate Group (the dba for United Real Estate Holdings, LLC, the parent company of United, hereinafter “Holdings”), and a handful of other real estate brokerages on behalf of a proposed nationwide class of home buyers. In the Complaint, Plaintiffs allege that Holdings and the other real estate brokers conspired with the National Association of Realtors and engaged in anticompetitive behavior. The Complaint contains four counts: 1) violation of Section 1 of the Sherman Act (seeking injunctive relief only); 2) violation of various state antitrust statutes; 3) violation of various state consumer protection statutes; and 4) unjust enrichment. On April 15, 2024, Holdings joined

a joint group motion to dismiss the complaint for failure to state a claim; it also filed its own motion to dismiss, arguing that it was not subject to the court’s jurisdiction. Holdings intends to vigorously contest the allegations and raise all appropriate defenses.

Umpa v. National Association of Realtors. et al.; Western District of Missouri; Case No. 4:23-cv-00945. On December 27, 2023, Plaintiff filed a putative class action against National Association of Realtors, United and a number of other real estate brokerages on behalf of a proposed nationwide class of home sellers, alleging a single count of violation of Section 1 of the Sherman Act. In the Complaint, Plaintiff alleges that United and the other real estate brokers conspired to the National Association of Realtors and engaged in anticompetitive behavior. On April 19, 2024, Plaintiffs moved to consolidate this case with the case described above. United intends to vigorously contest the allegations and raise all appropriate defenses.

Parker Holding Group Inc. v. Florida Association of Realtors, et al; Florida State Court for Miami Dade County; Case No. 2023-027749-CA-01. On December 4, 2023, Plaintiff filed a putative class action against Charles Rutenberg Realty – Orlando, LLC (hereinafter, “CRR”), a franchisee of United, and a handful of other Florida-based real estate brokerages on behalf of a proposed class of home sellers in Florida. In the Complaint, Plaintiffs allege that CRR, a franchisee of United, and the other real estate brokers conspired with the National Association of Realtors and local associations of realtors and engaged in anticompetitive behavior. The Complaint contains two counts: 1) violation of the Florida Antitrust Act; and 2) violation of the Florida Deceptive and Unfair Trade Practices Act. On March 13, 2024, CRR and a franchisee of United joined a joint group motion to dismiss the complaint for failure to state a claim; they also filed their own motion to dismiss. Holdings intends to vigorously contest the allegations and raise all appropriate defenses.

1925 Hooper LLC, et al. v. Watson Realty Corp., et al.; Middle District of Florida; Case No. 3:24-cv-00374. On April 18, 2024, Plaintiffs filed a putative class action against Charles Rutenberg Realty – Orlando (CRRO), a United franchisee, and a handful of other real estate brokerages on behalf of a proposed national wide class of home sellers, alleging a single count of violation of Section 1 of the Sherman Act. In the Complaint, like in Gibson and Umpa, Plaintiffs allege conspiracy with the National Association of Realtors and engagement in anticompetitive behavior. CRRO and United franchisee intend to vigorously contest the allegations and raise all appropriate defenses.

Except for the 5 matters disclosed above, no litigation matters are required to be disclosed in this Item.

Item 4 Bankruptcy

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

Item 5 Initial Fees

You must pay us a one-time initial franchise fee of \$35,000. This initial franchise fee is due and payable in full by credit card, wire transfer or money order when you sign the Franchise Agreement and is not refundable under any circumstances. We currently offer a 10% discount off the initial franchise fee for active duty or military veterans.

**Item 6
Other Fees**

Type of Fee	Amount	Due Date	Remarks
Monthly Agent Affiliation Fee	<p>The then current fee set by us on a calendar year basis (determined based on our estimated costs); currently \$45 per Agent per Accounting Period.</p> <p>See Note 1 regarding our current incentive program.</p>	Payable every Accounting Period by automatic debit from your account on the 5th day following each Accounting Period.	<p>This fee is based on the total number of Agents at your Broker Office at the end of the previous Accounting Period times the Monthly Agent Affiliation Fee due per Agent.</p> <p>“Accounting Period” means each calendar month or such other period as we designate. You must adopt our fiscal year.</p>
Monthly Real Estate Transaction Fee*	<p>The then current fee set by us on a calendar year basis (determined based on our estimated costs); currently \$75 per buy and/or sell side real estate transaction.</p> <p>See Note 1 regarding our current incentive program.</p>	Payable every Accounting Period by automatic debit from your account on the 5th day following each Accounting Period.	For each Accounting Period, you will pay us a flat fee equal to the total number of buy and/or sale side real estate transactions completed by your Agents at your Broker Office during the Accounting Period times the per real estate transaction Monthly Real Estate Transaction Fee.
Lease Transaction Fee	The then current fee set by us on a calendar year basis (determined based on our estimated costs); currently \$45 per lease transaction.	Payable every Accounting Period by automatic debit from your account on the 5th day following each Accounting Period.	For each Accounting Period, you will pay us a flat fee equal to the total number of lease transactions completed by your Agents at your Broker Office during the Accounting Period times the per lease Transaction Fee.
Multiple Listing Service (MLS) Administration Fee	Local MLS cost per year, plus \$500 annually to maintain listing feeds.	Upon demand.	Payable to offset a portion of our costs associated with maintaining a listing feed and providing integration with back office software and website display.

Type of Fee	Amount	Due Date	Remarks
Business Growth Goals Minimum Fee	\$500 per Accounting Period during an Accounting Period in which your Business Growth Goals are not met	Upon demand.	Upon initial 12-month assessment of Business Growth Goals, payable each Accounting Period during an Accounting Period in which Business Growth Goals have not been met.
Group Errors & Omissions Insurance Policy Program Fees	Then current premium fee based on our cost of reinsurance and administration; currently \$27 per real estate transaction side. See Note 1 regarding our current incentive program.	Payable every Accounting Period by automatic debit from your account on the 5th day following each Accounting Period.	You must participate in our group errors & omissions insurance policy program if our policy coverage meets or exceeds your state requirements. We charge a fee that we set based on our cost of reinsurance and administration of the program. We may adjust coverage in our discretion in accordance with good practice and market standards and may also change the fees to adjust to our costs. See Item 8.
Branch Brokerage Office Authorization and Approval Fee	\$5,000	Upon demand.	Payable if you request permission to open a branch Brokerage Office in your Territory and we authorize the opening.
Annual Event Contribution	\$3,500 For any Franchisor-hosted national conference for which attendee registration fees apply, you may earn a post-event rebate. For every registration fee collected and attendance confirmed in excess of 10 non-discounted registrants, your Annual Event Contribution will be rebated 10%, or the cost of registration for the event, per registrant over the confirmed 10 non-discounted registrants, up to a maximum amount of Franchisee's Annual Event Contribution. Any such aggregated rebate shall not exceed the cost of the registration fee for the event.	Upon demand.	Payable to offset a portion of our costs in organizing and holding our Annual Event. You will receive two free attendance fees as part of your contribution. This event may be conducted virtually or at a physical location.

Type of Fee	Amount	Due Date	Remarks
Maintenance and Alteration	As needed at Broker Office premises	Work to be done within 60 days of notice from us	Paid to third parties in amount and at times agreed on with third party
Transfer Fee	\$5,000	Before consummation of transfer.	Payable when you sell the assets of your franchise or a controlling ownership interest in the franchise or underlying business or when you sell all of your development rights or a controlling interest in yourself.
Renewal Fee	\$5,000	On entering into a franchise agreement renewal, on expiration of the Franchise Agreement, if we do not send you a written notice of our election not to renew the Franchise Agreement at least 180 days before the expiration of the term of your Franchise Agreement. See Item 17.	The renewal fee is in addition to any remodel costs that may be required.
Indemnification	Reimbursement of defense costs we incur and payment of judgments against us arising from your conduct	After notice from us	Only applies if a claim is made against us based on your conduct
Reimbursement of Insurance Costs	Premiums on required insurance we pay on your behalf	Immediately on notice from us	Only applies if you fail to obtain required insurance and we elect to pay the premiums for your insurance
Interest and Late Payments	18% of past-due amounts or maximum rate allowed by law, whichever is less; also our direct and/or indirect collection costs	Immediately on receipt of claim from us	Applies only on past-due amounts
Advertising Fees/Expenses	No fees payable to us, but signs in addition to those furnished by us may be required; normal local advertising is strongly encouraged	On invoice	We receive no retainer or reimbursement from third-party purchases, and do not profit from our sale of signs to you

Type of Fee	Amount	Due Date	Remarks
Additional Persons at Initial Training	If you desire additional persons to attend our orientation and operations training, a fee for each additional person is due us, currently \$500.	Before or at beginning of initial training for additional participant	Payable to us only if you request additional trainees be permitted to attend and we consent.
Required Education/ Training Programs	If we require your attendance at education programs/training sessions sponsored or held by us, we may charge you a fee for such attendance	Before or at beginning of said program/seminar	Payable to us or seminar/ training program sponsor
Liquidated Damages for Early Termination	An amount equal to the sum of: (1) the highest monthly Agent count since inception of the Franchise Agreement times the Monthly Agent Affiliation Fee times twelve and (2) the highest trailing twelve-month number of Real Estate Transactions since inception measured at the end of any month end during the term of the Agreement times the Real Estate Agent Transaction Fee	On demand	Payable if we terminate you for cause (including for your failure to comply with our On-boarding process), or if you terminate without satisfying your conditions for termination.
Liquidated Damages for Breach of Post-Termination Obligations	200% of the Continuing Fees that you would otherwise have been obligated to us with respect to the operations of the United Broker Office if still a franchisee.	On demand	<p>Payable if you breach your post-termination obligations after the expiration or earlier termination of the Franchise Agreement.</p> <p>Continuing Fees means all Monthly Agent Affiliation Fees, Monthly Real Estate Transaction Fees, Monthly Lease Transaction Fees, Business Growth Goals Minimum Fees and other continuing payments due under the Franchise Agreement.</p> <p>See Washington State Addendum.</p>
Liquidated Damages for Breach of Non-Competition Covenant	a monthly fee equal to 25% of the competing businesses' revenues.	On demand	Payable if you breach your noncompetition covenants.
Liquidated Damages for Breach of Agent/Employee Non-Solicitation Covenant	an amount equal to Franchisor's costs and expenses incurred to locate and contract with, including any sales commissions paid, a qualified replacement acceptable to Franchisor and to train that person to replace the departed employee	On demand	Payable if you breach your employee non-solicitation obligations.

Except as otherwise indicated above, all fees and expenses described in this Item 6 are uniformly imposed by, and payable to, us and are non-refundable under any circumstances. Except as listed above, there are no other fees under Franchise Agreements due or payable to us, or which we impose or collect in whole or in part on behalf of any third party.

Note 1: As stated in Item 1, during the remainder of 2023 and into early 2024, we are offering existing larger real estate brokerages that satisfy certain minimum agent and annual transaction counts the opportunity to (1) receive fixed continuing fee reductions for the first five years of the initial term of their Franchise Agreement if they sign a Franchise Agreement with us under this Disclosure Document and convert their brokerages to United Brokerages; and (2) continue to be eligible for these continuing fee reductions after the initial 5 year period expires depending on their then current agent and annual transaction counts during each of years 6 through 10 of the initial term of their Franchise Agreement.

The following chart outlines the continuing fee reductions you may be eligible to receive for the first five years of the initial term of your Franchise Agreement based on your agent count and annual transactions count during the immediately preceding 12 calendar months before you sign your Franchise Agreement with us. We will reflect these fixed continuing fee reductions in the Summary Pages to your Franchise Agreement before you sign. Once the five-year period of fixed continuing fee reductions expires, you may still be eligible for annually determined continuing fee reductions under the below chart based on your actual agent and annual transaction counts of your United Brokerage during each of years 6 through 10 of the initial term of your Franchise Agreement. We will reflect any continuing fee reductions in annual amendments to your Franchise Agreement based on your actual agent and annual transaction counts of your United Brokerage during the previous year.

Tier	Number of Agents	Number of Annual Transactions	Your Monthly Agent Affiliation Fee	Your Monthly Real Estate Transaction Fee	Your Group Errors & Omissions Insurance Policy Program Fees
1	100 to 249	300 to 749	\$45	\$75	\$27
2	250 to 499	750 to 1499	\$40	\$75	\$27
3	500 to 999	1500 to 2999	\$30	\$60	\$27
4	1,000 to 1,499	3000 to 4499	\$20	\$50	\$27
5	1,500 to 1,999	4500 to 5999	\$20	\$40	\$17
6	2,000 or more	6,000 or more	\$20	\$40	\$12

**Item 7
Estimated Initial Investment**

Your Estimated Initial Investment

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Made
Initial Franchise Fee ⁽¹⁾	\$35,000	As arranged	On Signing of the Franchise Agreement	Us
Real Property/Site Lease ⁽²⁾	See Notes 2 and 3	As arranged	As agreed	Third Parties

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Made
Leasehold Improvements ⁽³⁾	\$1,000 to \$150,000	As arranged	As agreed	Contractor/ Architect
Furniture, Fixtures, and Equipment ⁽⁴⁾	\$1,000 to \$20,000	As arranged	As agreed	Vendors
Supplies ⁽⁵⁾	\$1,000 to \$2,500	As arranged	As agreed	Vendors
Exterior Signage ⁽⁶⁾	\$500 to \$5,000	As arranged	As agreed	Vendors
Soft Costs ⁽⁷⁾	\$1,500 to \$3,500	As arranged	As agreed	Vendors
Insurance ⁽⁸⁾	\$1,000 to \$2,000	As arranged	As agreed	Insurance Company
Computer System and Software ⁽⁹⁾	\$1,500 to \$3,500	As arranged	As agreed	Vendors
Training Costs ⁽¹⁰⁾	\$1,500 to \$3,000	As arranged	Before training	Vendors
Security and Utility Deposits ⁽¹¹⁾	\$0 to \$10,000	As arranged	As agreed	Vendors and Utility Companies
Business Licenses ⁽¹²⁾	\$500 to \$1,000	As arranged	As agreed	Licensing Authority
Additional Funds – 12 months ⁽¹³⁾	\$100,000 to \$150,000	As arranged	As agreed	Vendors
Total^{(14)(15)(16)(17):} This total estimated initial investment does not include costs to purchase or lease real estate for your United Broker Office.	\$144,500 to \$385,500			

Explanatory Notes

1. The initial franchise fee is \$35,000, which is due and payable when you sign the Franchise Agreement and is not refundable. We currently offer a 10% discount off the initial franchise fee for active duty or military veterans.
2. **The total estimated initial investment does not include real estate.** The cost of leasing or purchasing real estate will vary, depending on location and other factors, and cannot be accurately projected by us. If you purchase the land and building, your cost will be substantially higher, and will vary depending on the market for real estate in your area. United Broker Offices generally contain 1,500 to 3,500 square feet of interior space, and are located in larger urban or suburban metropolitan markets where real estate costs and can vary significantly by neighborhood or even block. We must review and approve all proposed locations for your United Broker Office.
3. Your United Broker Office will be established in accordance with our current United Broker Office designs. Building costs for our current United Broker Office designs are expected to range from \$12.00 to \$40.00 per square foot, depending on whether you build out an existing premises or undergo new construction, and will vary by building size. Our current United Broker Office design consists of approximately 1,500 to 3,500 square feet of interior space (depending on the number of

Agents you expect to engage) with final design to be approved by us. This amount assumes that your landlord will not contribute to your build-out and that the location had not previously operated as real estate brokerage office.

4. The furniture, fixtures and equipment includes office and lobby furniture, televisions, copy machine/printer, wall art and other trade dress items. These costs are based on the costs charged by our vendors for the furniture, fixtures and equipment required in all operations manual, policy statements, directives, bulletins and memoranda that contain prescribed or recommended standards, procedures, policies and advice relating to a United Broker Office's operation and management. The operations manuals disclose the principle elements of the System, and its contents are and will remain our exclusive property (collectively referred to as the "Operations Manual").
5. Supplies include forms, contracts, signs and marketing materials, office supplies, and cleaning supplies. They do not include furniture, fixtures and major equipment.
6. Your signage costs will depend on whether you lease a free-standing, endcap or inline location and whether you have architectural, municipal or lease restrictions on the signage you can use at your United Broker Office. In all cases, you are required to meet or exceed our specifications for your signage unless you are restricted by local ordinance from meeting our specifications.
7. Soft costs include permits, fees, architecture fees, meeting costs, title reports, legal services, printing of plans and ancillary items.
8. You must carry insurance as required in the Franchise Agreement. The amount in the table represents our best estimate of the premiums required for commercial general liability, employee benefits liability, property, workers' compensation, and umbrella liability insurance during a United Broker Office's first year of operation. However, your costs may vary from those described in the table.
9. You must purchase a computer(s) in your United Broker Office that meets our Standards. Currently, the computers will need to have sufficient system resources and strong internet capability to utilize our current web-based office and agent productivity programs. See Items 8 and 11.
10. The amounts shown include estimated travel, lodging, meal and incidental expenses for two trainees for 5 business days to attend our required initial training program (in Dallas, Texas or another location we may designate). Such amounts will vary depending on the number of trainees that attend the initial training program, the distance traveled, method of travel and choice of accommodations.
11. Security and utility deposits include estimated deposits for leased premises and equipment, telephone service and other utilities.
12. The range given provides our best estimate of the costs you will incur for business permits and miscellaneous deposits, including utility deposits.
13. Additional funds include expenses for wages, occupancy costs, professional expenses and other recurring expenses before the opening of the United Broker Office, and during the first 3 months of operation.
14. These figures are an estimate of your total opening and operating expenses for the initial three months of business. They are based on our experience in constructing and operating joint ventured United Broker Offices in Dallas, Texas, Chicago, Illinois, Philadelphia, Pennsylvania, Houston, Texas and Washington D.C., our experience assisting franchisees to open since we or our predecessor started franchising in 2013 and our experience as owner of the United Country real

estate brokerage system. The costs in your region of the country will vary. Your expenses may also vary depending on the size and location of your United Broker Office, your experience, the prevailing wage for your staff, your number of Agents, the competition and other factors, including landlord contributions.

15. None of the payments or your other costs and expenses in this chart are refundable to you under any circumstances.
16. Neither we nor any of our affiliates finance any part of your initial investment in a United Broker Office.
17. There are no additional or different initial fees or additional or different initial investment costs if you purchase a franchise in connection with the larger real estate brokerage special conversion opportunity described in Item 1.

Item 8 Restrictions on Sources of Products and Services

You must develop your United Broker Office premises and acquire furniture, fixtures and equipment and all necessary signs for your United Broker Office according to the standards and specifications established by us and as contained in the Franchise Agreement and Operations Manual. We may modify the standards and specifications occasionally. We will promptly notify you of any such modifications. We formulate and modify these specifications and standards based on research, industry trends and our general business plan.

At present, you are not required to purchase or lease any goods, supplies, fixtures, equipment, inventory or real estate from us or any designee of ours. You must use, however, signs, stationery, business cards and other paper supplies bearing the Marks, subject to our approval. We do not identify approved suppliers for stationery, business cards and other paper supplies, or issue specifications for these items, except as to your placement of the Marks on such items. We do require, however, that the stationery, business cards and other paper supplies you use which bear the Marks be of standard business quality so as to convey a high quality business operation. If you have any question about the suitability of the paper product to be used with the Marks for your stationery, business cards or paper supplies, you may submit a sample of the same to us and we will, without charge, review the same and report back to you on it within a week of your submission. Should you desire, you may purchase stationery, business cards and most other paper supplies from us since we purchase these items at group purchasing power prices from suppliers experienced in producing such items for use by Broker Offices.

You may purchase office identification signs and “For Sale” signs from any source as long as our quality levels for signs are met and the Marks are printed on the signs according to our specifications. We offer approved office signs and “For Sale” signs to you. We or our affiliates purchase these signs at group purchasing power prices from suppliers experienced in producing signs for use by Broker Offices. Your supplier must conform to the specifications that we provide. If you desire to purchase signs from any source other than us, you may do so as long as the metal or wood for such sign is of equivalent quality and durability as is the case with the signs sold by us. If you desire that we review any signs you propose to purchase from another source to determine if the quality and use of the Marks are satisfactory, you may furnish all information relevant to these signs and samples of your proposal to us. If the proposed sign is of sturdy wood or metal equivalent to that used by United in the signs supplied by it, we will approve your purchase of the same, usually within 7 days of your submission. We do not have any specific wood or metal standards for signs, but will not allow cardboard or similar material. We do not charge you or your proposed supplier for such review.

The specifications for use of the Marks are set by us to project the appearance of a high-quality business operation. Both signs and paper supplies using the Marks must be in compliance with our requirements.

These standards and specifications will be discussed at your initial training workshop and are found on our Intranet website. These specifications may be changed by us, at our discretion.

Additionally, you must maintain all your equipment, signage, decorations, fixtures, furnishings and leasehold improvements used in connection with your United Broker Office in good order and repair and you must promptly replace your equipment, signage, decorations, fixtures, furnishing and leasehold improvements as they become worn, damaged, obsolete, out of style or mechanically impaired and when offered or applicable, enter into preventative maintenance programs as further described in the Operations Manual.

The purpose of this requirement is to establish quality control standards for the items used in the operation of your United Broker Office and to protect, maintain and promote the product consistency, reputation, goodwill and public acceptance of our service marks, trademarks and products.

We reserve the right to designate specific vendors and suppliers in the future. If we have approved a particular item, or the supplier for a particular item, and you want to use a different item or supplier, you must give us written notice. You must obtain our prior written approval before contracting with a supplier which has not already been approved by us for the purchase or lease of supplies, products or equipment, which review will begin after our receipt of all requested information including information regarding the supplier's fiscal strength, demonstrated customer service, product quality, product safety and a strong regional presence. Additionally, as a condition to granting approval, we may require you to submit samples of the proposed supplier's products and to arrange for us to visit the supplier's facilities. If we elect to test the samples or inspect the proposed supplier's facilities, you will be charged a fee not to exceed the actual cost of such inspection or testing. We are not required to approve any particular item or supplier or to notify you of our approval or disapproval within any specified period of time (and in rare instances review and approval could take up to 90 days), but we will use all reasonable efforts to provide you with written notice of our approval or disapproval of a proposed item or supplier within a reasonable time after the date on which we receive all the information we have requested (and in most cases within 30 days).

We reserve the right to contract with manufacturers and suppliers who provide us volume discounts, rebates and other cash payments based on volume purchases of supplies, products and other items used by our company-owned or affiliated United Broker Offices. We anticipate that certain volume discounts, rebates and other cash payments received by us as a direct result of your purchase of supplies, products and other equipment will be, in our sole discretion: (a) paid to you, (b) contributed to the development and implementation of our plan for advertising United goods and services, (c) retained by us, or (d) otherwise used to benefit the United System. In all cases, we will deduct our expense to coordinate and test supplies, products, and other items. We reserve the right to receive revenue from the sale of items to you by third parties. We also reserve the right to purchase items in bulk and sell them to you at our cost, or at a profit, at our discretion.

We purchase stationery and other supplies for our own use and we may, on occasion, recommend these suppliers to you. If we do recommend our suppliers for your use, you will pay the same price for these supplies as is available to us. We may, on occasion, receive payment or trade-outs from suppliers for access to franchisees (at our seminars, conventions, etc.). We may attempt to negotiate with suppliers for terms for our and your purchase of supplies.

None of our officers currently own an interest in any of our suppliers. If we later recommend or consent to your choice of supplier for any of the items discussed above, we will inform you if any of the persons listed in Item 2 own an interest in such supplier.

There are no purchasing or distribution cooperatives for purchase of signs and supplies; however, we pursue group purchasing power pricing to benefit you and encourage purchases from us or from suppliers we recommend, we do not make any payments, give any setoff or provide any other benefit to you based on your purchases from us or any recommended supplier.

The Operations Manual requires that you obtain and install in your United Broker Office computer hardware, required dedicated telephone, broadband internet access, printers, and other computer related accessory or peripheral equipment that are compatible with our electronic collection and retrieval systems. We may require proprietary systems and/or processes relative to bookkeeping, accounting, operations and financial information in connection with the operation of the United Broker Office, and require you to obtain and at all times utilize the services of a credit card processor approved by us. Additionally, we may require that you input and maintain in your computer certain software programs, data and information that we prescribe.

As of the date of this Disclosure Document, you must purchase a computer system(s) that will run our web-based Office and Agent Productivity Programs.

United's performance software currently includes contact management, lead management, website management, automated marketing, calendaring, and email functions. This software is accessed through the internet using password protected user log-ins.

Based on our 2023 financial statements, we had total gross revenues from January 1, 2023 through December 31, 2023 of \$490,111,104, of which amount \$7,079,909 (approximately 1.4%) consisted of revenues from the sale of products and services to franchised United Broker Offices, which includes the purchase and resale price for signs, stationery, business cards and other paper supplies that we purchased in bulk and sold at cost to franchisees to take advantage of discounts negotiated with vendors based on the large volume of system wide purchases.

Our affiliate United Country had total revenues from January 1, 2023 through December 31, 2023, of \$20,076,267, of which amount \$7,920,857 (39%) consisted of revenues from its sales of products and services to Broker Offices (including United Broker Offices), which included technology services fees, voluntary additional advertising services United Country performed for certain franchisees, as well as signs, stationery, business cards and other paper supplies that United Country purchased in bulk and sold at its cost to take advantage of discounts negotiated with vendors based on the large volume of system wide purchases. These calculations were based on United Country's financial records. Except for technology services fees, none of these sales were of items United Broker Offices were required to purchase from United Country, although paper supplies are an ongoing necessary item for the operation of a United Broker Office. We anticipate that United Broker Offices will continue to purchase similar products and services from United Country.

If you decide to lease the land on which a United Broker Office operates, you must include in the lease specific provisions relating to notice of default, transfer rights and termination (Section 8(a)(ii), Franchise Agreement), but we make no representations or warranties as to the legal validity of any of these provisions. Before you begin construction of your United Broker Office premises, you must establish to our reasonable satisfaction that the above provisions are contained in any lease, and you must deliver to us a definitive copy of the lease, which will require our approval.

You must carry certain insurances with required coverage, including specifically a commercial general liability policy, an employee benefits liability policy, a property liability policy, workers' compensation (if required by your state) and an umbrella liability insurance policy. However, we do not require you to obtain any specific minimum level of coverage for any of these types of policies, except that you must at a minimum have coverage of the types and in the amounts that your specific state licensing authority requires (if applicable). The specific types of coverage will be further addressed at your initial training workshop and are subject to change on an annual basis. As noted, the real estate commission in your state and in other states in which you may hold a real estate license may have certain insurance requirements as a condition of licensure that are different than the minimum types of coverage we require. You must check the requirements of each state in which you hold a license to determine you are meeting that state's

insurance requirements. In the states having specific insurance coverage requirements for broker licensing/renewal, such insurance may be available through that state's real estate commission and, in such event, your purchase of a policy or policies to meet the requirements in such state will satisfy our requirements. However, such insurance may be limited to transactions involving real estate transactions in that state only, and if you are conducting your real estate brokerage business in other states, our requirements for insurance coverage as to real estate transactions in such other state(s) must also be met.

We currently provide, annually renegotiate and renew our group errors and omissions insurance policy. Although no policy can cover every conceivable circumstance, we strive to provide broad coverage to mitigate most risk situations. You are required to participate in our group errors and omissions policy when our coverage meets the minimum levels of errors and omissions coverage required in your state. We make no representations or warranties that our coverage meets the minimum coverage requirements applicable to your state, and it is your sole obligation to determine if our policy meets your state's standards. If you are not able to participate in our group errors and omissions policy due to state mandated requirements that our policy does not meet, you are solely responsible for obtaining errors and omissions coverage that meets both our requirements and your state's requirements. As of the date of this Disclosure Document, we understand that different levels of coverage are required in Colorado, Idaho, Kentucky, Louisiana, Mississippi, Nebraska, New Mexico, North Dakota, South Dakota, and Tennessee, such that you will need to secure your own coverage in those states. There may be other states as well where you need to secure your own coverage. In any case, any policy secured outside of our group insurance will carry a \$500,000 per claim and \$1M aggregate annual policy limit and meet the coverage limits defined below. A supplemental policy may need to be purchased in order to meet our coverage standards. Should our policy be extended to include coverage in any of the aforementioned states, you will be given sufficient notice to facilitate mandatory enrollment in the group errors and omissions insurance policy.

If you are required to participate in our policy program based on the above parameters, you pay us premium fees based on our cost of reinsurance and administration (see Item 6) and we handle all financial arrangements with the insurance carrier. Currently, we only have one approved insurance carrier (HDI Global Insurance Company, 161 North Clark Street, 48th Floor, Chicago, IL 60601) and one approved insurance agent (Arthur J. Gallagher Risk Management Services, Inc. 8430 Enterprise Circle, Suite 200, Lakewood Ranch, FL 34202, (941-757-1443).

Your payment of premium fees in this manner does not constitute income to us; we pass your payments through to the insurance carrier and we generally have no profit or loss from this. Depending on the number of franchisees participating in the program, we have had either a minimal gain or loss in connection with this program.

Our group errors and omissions insurance policy currently provides coverage of \$1,000,000 per occurrence with aggregate group coverage (for all insureds) of \$3,000,000 per year. In addition, our minimum standards are:

- i. Carrier rating of A(XV) or better by AM Best
- ii. Full Prior Acts Coverage for residential and commercial sales and leasing, for preceding 5 years
- iii. United Real Estate must be listed on the policy as an Additional Insured
- iv. United Real Estate must be notified by carrier in the event of termination, change or non-renewal
- v. Minimum of \$1M per claim annual policy limit
- vi. Minimum of \$1M annual Network Security and Privacy Liability
- vii. Maximum retention of \$10,000 per claim
- viii. Duty to defend provision must be included
- ix. Coverage for:

- a. Real estate services
- b. Property management services
- c. Escrow Agent services
- d. Title agent services
- e. Cyber Liability

We estimate that the purchases described above will equal approximately 3% to 5% of the total cost to establish your United Broker Office, and approximately 3% to 5% of your ongoing operating expenses.

Item 9 Franchisee’s Obligations

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

Obligation	Section In Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	§ 8 and Exhibit E	7, 11
b. Pre-opening purchases/leases	§§ 7(a) and 9	7, 8, 11
c. Site development and other pre-opening requirements	§§ 7(a), 9 and 10(a)	5, 6, 7, 8, 11
d. Initial and ongoing training	§ 7(a)(iii), 9(e) and 9(k)	6, 7, 11
e. Opening	Summary Page, §§ 9 (f), and 10(a)	5, 7, 11
f. Fees	Summary Page, §§ 2, 5, 7(a)(iii), and 10(a)	5, 6, 7
g. Compliance with standards and policies/ Operating Manuals	§§ 6(b), 6(c), 7(a)(i), 7(b)(ii), 9(a), 9(f), 9(h), 9(j), 9(k), 9(m), 9(n), 9(p), 9(r), 9(t), 10(a), 12(b), 13(a)(v), 13(a)(vii)	8, 11
h. Trademarks and proprietary information	§§ 2, 3(e), 3(g), 9(k), 11(b) and 13	13, 14
i. Restrictions on products/services offered	§§ 9(j) and 13(a)(iii)	8, 11, 16
j. Warranty and customer service requirements	§ 9(k)	Not applicable
k. Territorial development and sales quotas	None	Not applicable
l. Ongoing product/ service purchases	§§ 6(b), 9(j) and 13(a)(iii)	8
m. Maintenance, appearance and remodeling requirements	§§ 6(c), 9(j), 9(o), 9(p), 9(q), 12(b), and 14(b)(vii)	6, 8, 11
n. Insurance	§ 9(y)	7, 8
o. Advertising	§ 10	5, 6, 7, 11

Obligation	Section In Franchise Agreement	Disclosure Document Item
p. Indemnification	§ 17	6
q. Principal's participation/management/staffing	§§ 7(a)(iii), 7(b)(ii), 9(c) and 9(e)	11, 15
r. Records/reports	§§ 5(d), 9(u), 9(w) and 9(x)	Not applicable
s. Inspections/audits	§§ 9(q), 9(w) and 9(x)	Not applicable
t. Transfers	§ 14	6, 17
u. Renewal	§ 12	6, 17
v. Post-termination obligations	§ 16	6, 17
w. Non-competition covenants	§ 18(a)	6, 17
x. Dispute resolution	§ 23	17

**Item 10
Financing**

We do not currently offer you any direct or indirect financing, nor do we receive any payments from any person offering financing to or arranging financing for a prospective United Broker Office franchisee. We may be aware of lenders who are willing to finance costs related to your United Broker Office, and we will provide you with their names on request. We are not affiliated with any of the lenders and do not receive compensation from them as a result of this financing. We do not guarantee your note, lease or any other financial obligation.

**Item 11
Franchisor's Assistance, Advertising, Computer Systems & Training**

Except as listed below, Five D I, LLC is not required to provide you with any assistance.

Before you open your United Broker Office, we will:

- (1) Provide a list that describes or shows the standards for the fixtures and equipment that you must install in your United Broker Office. We do not provide fixtures or equipment directly, nor do we deliver or install any fixture or equipment in your United Broker Office, but we reserve the right to require you to contract with a third-party vendor of our designation who provides you with and installs fixtures and equipment for your United Broker Office. We may also provide your architect or general contractor information about the sequence of events and procedures that must be followed in building out and equipping a United Broker Office (Franchise Agreement, Section 7(a)(i)).
- (2) Provide you a list of the inventory, supplies, and other incidentals needed to stock and operate the United Broker Office, together with the names of any suppliers we have designated or approved. We do not provide inventory and supplies directly, nor do we deliver or install any inventory and supplies in your United Broker Office (Franchise Agreement, Section 7(a)(ii)).

- (3) Provide initial training to your Managing Principal and Operations Manager (or other approved trainee) (Franchise Agreement, Section 7(a)(iii)).
- (4) Loan you a copy of our Operations Manual (Franchise Agreement, Section 7(a)(iii)). The table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit E. Our standards do not include any personnel policies or procedures that we (at our option) may describe in the Operations Manual or otherwise suggest for your optional use. You will determine to what extent, if any, these policies and procedures might apply to your operations and business. We neither dictate nor control labor or employment matters for franchisees and their employees.
- (5) Provide site selection assistance, opening assistance, supervision, and assistance to you, or review and approve the renovations of your existing real estate office (if any) to comply with our standards and specifications (Franchise Agreement, Section 8(b)).

After you open your United Broker Office, we will provide the following services and assistance to you:

- (1) Provide advice and assistance as we deem advisable in planning publicity and promotions for your United Broker Office's promotion, including print media and display advertising (Franchise Agreement, Section 7(b)(i)).
- (2) Provide staff accessible to your Managing Principal, Operations Manager and employees, to the extent we deem advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication during regular business hours (Franchise Agreement, Section 7(b)(ii)).
- (3) Loan you additions and supplements to the Operations Manual as they become available (Franchise Agreement, Section 7(b)(iii)).
- (4) So long as you are in full compliance with the Franchise Agreement and all other agreements with us, we will invite you to attend all conventions, seminars and other franchisee-oriented functions we plan occasionally, including our Annual Event (Franchise Agreement, Section 7(b)(iv)).
- (5) Provide you with auction marketing and auction event management assistance upon request and as deemed appropriate by us ((Franchise Agreement, Section 7(c)).
- (6) Provide marketing materials as we may periodically develop (Franchise Agreement, Sections 9(n) and 10(b)).
- (7) Purchase URLs, pay hosting costs, develop and provide for the United Broker Office Website we create specifically for your Broker Office and the Agent Websites we create specifically for your Agents (Franchise Agreement, Section 11(a)(ii) and (iii)). These websites will be owned by us, will be linked to our other websites and promoted by our various forms of media. We may immediately terminate your access to these websites if your Franchise Agreement is terminated.
- (8) Upon request and, at Franchisor's sole discretion, Franchisor may offer collaboration with Franchisee on certain business development opportunities such as agent recruitment, marketing strategy, networking events, mergers and acquisitions, or other business growth strategies.

Site Selection

You must locate and obtain our approval for the site for your United Broker Office at a location within the Territory and sign an approved lease within 30 days of signing your Franchise Agreement. You must also open your United Broker Office within 120 days of the execution of your Franchise Agreement. We may extend these time periods in our sole discretion if we determine that you have taken, and continue to take, all necessary action to open your United Broker Office. If you fail to timely obtain approval for the site of your United Broker office or open your United Broker Office, we may terminate your Franchise Agreement, at our option, and retain the initial franchise fee you paid to us when you signed your Franchise Agreement.

We may require you to submit to us some or all of the following in reviewing your United Broker Office:

- (1) a completed site review form we designate, which may include demographic information, a site plan, population-related information and other information; and
- (2) any other information or materials as we may require, such as a letter of intent or other document which confirms your favorable prospects for obtaining the proposed site.

On receipt of all requested documentation, we will use all reasonable efforts to notify you of our approval or disapproval in writing within 30 days. All of our decisions are final. If we do not accept a site you propose, you may select another site, subject to our acceptance and before your United Broker Office.

Some factors that we consider in approving your United Broker Office include the affluence of the nearby population, the existence of competitors, the appearance, condition, amenities, services, access, and the proximity of the property to a well-known intersection. We generally perform 1 on-site evaluation of a proposed site free of charge, but we reserve the right to seek reimbursement for our costs for all subsequent on-site evaluations.

We estimate the time from the date you sign the Franchise Agreement to the date you open your United Broker Office to be between 2 and 4 months. However, this time estimate may vary depending on numerous factors, including your ability to obtain a lease at a suitable site, financing arrangements (if any), building permits, zoning and local ordinance compliance, weather conditions or delayed delivery or installation of furniture, fixtures, equipment and signs. The above time frames are based on diligent efforts on your part.

Training Program

Before opening your United Broker Office, your approved Managing Principal and Operations Manager (or another approved trainee) must complete, to our satisfaction, initial training we conduct. You must begin the training program at least 30 days before the date on which your United Broker Office is scheduled to open, and you must attend up to five business days of training. When you arrive for training, we will provide one copy of the Manual for your use. We will not charge you a fee for the training of two persons, but we may charge you a fee for any additional required or optional training and training for subsequent trainees (current a per diem fee of \$500 per person). All training will be provided at a location we designate, and will consist of both on the job and classroom training. You must pay for you and your employees' travel expenses and room, board and wages during training. We may periodically make other mandatory or optional training available to your employees as well as other programs, seminars and materials, and you will ensure that all employees, as we direct, satisfactorily complete any required training within the time specified.

Classes will be conducted at our affiliates' United Dallas Real Estate office in Dallas, Texas, or another location we designate.

Our training instructors include one or more of the following (additional information on David and Rick can be found in Items 2, 3 and 4):

M. Daniel Duffy (CEO, United Real Estate)

Mr. Daniel Duffy, our Chief Executive Officer, has a 28-year background focused on serving clients in a number of senior executive positions including President and Chief Executive Officer of Microsoft’s 2005 Global Partner of the Year and founding member of the Chicago practice of The Center For Strategic Transactions, a division of Ernst & Young L.L.P.

David Dickey (CTO, United Real Estate)

Mr. Dickey has 17 years of experience in the real estate field as a real estate operations and technology expert, all with us and/or our affiliated United Country since January 2007.

Rick Haase (President, United Real Estate)

Mr. Haase has 39 years of experience in the real estate field as a real estate franchise development, training and operations expert, including experience with us and/or our Affiliate United Country since March 2019.

TRAINING PROGRAM

Subject	Hours of Classroom or Virtual Training	Hours of Virtual On-The-Job Training	Location
History and overview of the systems office tour	8	0	Our Dallas, Texas office or other virtual setting.*
Technology training	8	0	Our Dallas, Texas office or other virtual setting.*
Fiscal management and office management	8	0	Our Dallas, Texas office or other virtual setting.*
Recruiting and retention, standards and quality control, risk management	8	0	Our Dallas, Texas office or other virtual setting.*
One year business planning session	8	0	Our Dallas, Texas office or other virtual setting.*

**or any other location we may designate*

Advertising

We do not require you to pay any other separate marketing or advertising fee, or require you to contribute monies to any type of advertising fund or advertising cooperative. As of the date of this Disclosure Document, we have not established any advertising cooperatives or councils. We reserve the right to form advertising cooperatives and councils in the future.

You may develop advertising materials for your own use, at your cost and according to our standards and requirements; however, we may require approval of the advertising materials in advance. We will approve your advertising materials when they are consistent with our brand image and with quality control.

We reserve the right to prepare and provide you with certain types of marketing or advertising templates. If you elect to accept these materials, we will require you to reimburse us our out-of-pocket costs associated with developing and providing these materials.

We have no contractual or other obligation to assist you in establishing prices for which you offer your products or services, but in connection with any approved auction sales you conduct, we reserve the right to approve reserve prices, if any, for properties or assets to be sold via the auction method. See Item 12.

Our Website, Your Website and Agent Websites

We operate an Internet website that provides information about United Broker Offices generally. We have sole discretion and control over the website (including timing, design, contents and continuation) and may (but are not required to) include at the website interior pages information about our franchisees' Broker Offices.

We will create a separate website (a "Broker Office Website") that identifies your United Broker Office by address and telephone number and provides information on your Agents. We will develop, maintain, control and own the associated URL of the Broker Office Website and any content we provide for use on the Broker Office Website, and you must execute our form of terms of use agreement and other documentation. We may dismantle, turn off access or otherwise redirect content on the Broker Office Website following the expiration or earlier termination of your Franchise Agreement.

We will create separate websites (a "Agent Websites") for each of your Agents that identifies each Agent's information. We will develop and maintain the URL for all Agent Websites. Any content we provide for use on the Agent Websites may be modified or discontinued at our discretion. We may dismantle, turn off access or otherwise redirect content on the Agent Websites following the expiration or earlier termination of your Franchise Agreement or the Agent's leaving your United Broker Office.

You are free, at your own expense, to develop and host a separate office website(s), however, you are required to keep the website provided by us updated with current and accurate agent and area information. If you choose to have another website(s), it must be properly branded according to our guidelines, and all use or mention of the Marks must be removed if your Franchise Agreement is terminated.

You will have no right, license, or authority to use any of the Marks on or in connection with the Website, except as we provide in the Franchise Agreement. (Franchise Agreement Section 11(a)).

United Intranet

We have established and maintain an intranet facility through which members of the entire chain of United Broker Offices, including franchised and franchisor/affiliate-operated, may communicate with each other and through which we may disseminate updates and supplements to the Operations Manual and other confidential information (the "United Intranet"). We will have no obligation to maintain the United Intranet indefinitely. The United Intranet's policies, procedures and other terms of use address issues such as (a) restrictions on the use of abusive, slanderous or otherwise offensive language in electronic communications; (b) restrictions on communications that endorse or encourage breach of any your franchise agreement; (c) confidential treatment of materials that we transmit via the Intranet; (d) password protocols and other security precautions; (e) grounds and procedures for our suspending or revoking your access to the United Intranet; and (f) a privacy policy governing our access to and use of electronic communications that franchisees post on the United Intranet. The United Intranet facility and all communications that are posted to it will become our property. You must purchase and install all necessary additions to your United Broker Office's information system and establish and continually maintain electronic connection with the United Intranet that allows us to send messages to and receive messages from you. Your obligation to maintain connection with the United Intranet will continue until your Franchise Agreement's expiration or termination (or, if earlier, until we dismantle the United Intranet). You must contribute to the cost of the United Intranet's maintenance and further development as provided in Item 6. (Franchise Agreement, Section 11(b)).

Computer Systems

You are not required to buy or use any specific computer systems. However, you must have access to a computer and T-1 (Broadband) or better office access to the Internet in order to use our technology based

tools, including our United Website, your Broker Office Website, your Agent Websites, the Intranet and our Office and Agent Productivity Programs. If you and/or your Agents do not already have the hardware, internet access and software needed for access our Office and Agent Productivity Programs, you must purchase a computer and arrange access to the Internet with a third-party provider. We estimate your costs for such hardware and software will range from \$1,500 to \$3,500.

We do not identify approved suppliers for such hardware and Internet access or issue specifications.

You must use our Office and Agent Productivity Programs, which currently includes our Bullseye Productivity Platform Package and our transaction management software, which will help manage your listing advertisings, customer relationships and facilitate marketing contacts for you. There is no separate initial or continuing fee for use of our Office and Agent Productivity Programs.

Your Agents will have log-in access to our Client Relationship Management Software (currently Bullseye Productivity Platform), which helps Agents manage their contacts, the Agent Websites, and personal marketing functions. This software is web based and will be able to run on Chrome and most other browsers, subject to MLS integration capability by local MLS market.

We are not contractually obligated to provide maintenance, repairs, upgrades or updates to Office and Agent Productivity Programs/Client Relationship Management software. However, historically we have continually upgraded and maintained this software. As we make new technology services available to you, additional service fees may be charged.

We will have independent access to the information you input into Office and Agent Productivity Programs/Client Relationship Management software.

Item 12 Territory

You will not receive an exclusive territory. You may face competition from other United franchisees, our affiliates' franchisees, from real estate brokerages that we or our affiliates own, or from other channels of distribution or competitive brands that we or our affiliates control. We have no express obligation or implied duty to protect your revenues from erosion as a result of this competition. However, as further detailed below, we will not permit a wholly third-party owned and franchised bricks and mortar United Broker Office to open inside your Territory, so long as you maintain a minimum agent count of 100 and maintain Business Growth Goals.

Under the Franchise Agreement, you are granted the right to operate one United Broker Office at the United Broker Office Business Address specified in the Franchise Agreement and to offer and sell approved real estate brokerage services from your Broker Office in your Territory.

Your Territory will be a geographic area around your approved United Broker Office that is defined by specific geographic boundaries. These boundaries may be described by political, geographic, population or other boundaries. The actual size of the Territory will vary depending upon the number of licensed real estate agents in your Territory, the availability of contiguous markets, our long-range plans, your financial and operational resources, and market conditions.

Your rights under the Franchise Agreement are limited to the right to operate your United Broker Office in the Territory under the Marks and System.

You may compete with us, our affiliates, our United franchisees, and our affiliate's United Country franchisees, which as noted in Item 1 operated 395 United Country broker offices in the United States as of

December 31, 2023. We and our affiliates may in the future adapt the United and/or United Country business models.

As noted above, we will not permit another wholly third-party owned and franchised bricks and mortar United Broker Office to open inside your Territory so long as you have attained a minimum agent count of 100 and maintain Business Growth Goals. However, we and our affiliates may (i) operate ourselves or through our respective affiliates (including joint ventures we or our affiliates enter into with one or more third parties), United Broker Offices using the System and the Marks both inside and outside the Territory; (ii) operate and grant franchises to others to operate United Broker Offices outside the Territory; (iii) advertise and promote the System inside and outside the Territory; (iv) develop, establish and operate (directly or indirectly), and grant franchises to others to develop establish and operate other business systems (including real estate brokerage and real estate auction services) inside and outside the Territory using the Marks or any other marks and to spin off, sell, or dispose of any interest in those business systems; (v) engage directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, operation, license and sale of real estate and auction services and related products under the Marks or any other marks, inside and outside the Territory, through any method of distribution, including retail outlets, mail order catalogs, Internet, telemarketing, other direct marketing, or any other channel of distribution; and (vi) acquire or be acquired by any company including, a company that operates or offers franchises for real estate brokerages with locations in the Territory under any trademarks or trade names. All of these businesses may compete with your United Broker Office, including United Broker Offices using the System and the Marks that we operate ourselves or through our respective affiliates (including joint ventures we or our affiliates enter into with one or more third parties).

There are no restrictions on our right to solicit or accept business from prospective commercial or residential real estate consumers inside the Territory, and we do not have to pay any compensation to you.

We currently require you to adhere to our United Broker Office urban properties model. Any recruitment or retention efforts you undertake with respect to agent or marketshare must remain consistent with our United Broker Office urban properties model. The United systems are not designed to target agricultural, hunting, recreational, or other rural lifestyle properties, which are more properly suited to our affiliate, United Country's business model. To maintain distinction between the brands, you and your agents are not permitted to position or principally market as a Broker or purveyor of agricultural, hunting, recreational, or other rural lifestyle properties inside, outside of or adjacent to your designated Territory. We do encourage partnering with our affiliate, United Country, to facilitate the occasion when such a transaction may be had.

As described in Item 1 and in our franchise promotional materials, we have developed and run our franchise and our System based on an urban properties focused real estate brokerage office model, and we will consider offering and selling the franchise to you only if we believe that you do not desire and intend to perform non-urban focused real estate brokerage services. To that end, and in cooperation with our efforts to maintain brand distinction in the metropolitan and city residential market, you will not be permitted to operate, establish, open, start or advertise to the public or other real estate companies and agents that you operate or offer services for the brokerage or auctioning of agricultural, recreational, timber, or ranch land or other rural lifestyle properties inside or outside of your designated Territory. If you learn of any of your agents engaging in a historical production of rural lifestyle properties in excess of 50% over sales volume or primarily engaging in or portraying themselves as a purveyor of rural lifestyle properties of the types noted above that is incongruent to our metropolitan and city residential properties model, you will be required to take such action that is necessary to cause any such agent to cease doing so, or you should cease doing business with such agent, to the fullest extent permitted by law. You and your agents will be able to list and sell land parcels and properties of the types noted above, subject to the restrictions above.

You may not engage in an acquisition of another real estate brokerage office if the main brokerage office is located outside your Territory or if the brokerage office has more than 25% of its agents living outside your Territory.

You and your Agents may solicit real estate brokerage business from customers inside or outside your Territory, whether or not that area is part of the Territory of any other United Broker Office, but you must do so through authorized means and consistent with our urban properties model, which from time to time may include the use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing.

Your rights with respect to the Territory are dependent upon your maintaining a minimum agent count of 100, maintaining the required Business Growth within your Territory, and the payment of Business Growth Minimum Fees to the extent applicable.

We will set your Business Growth Goals before you sign your Franchise Agreement based on the total number of real estate transactions that occurred in your proposed Territory during the previous 12 months based on your local MLS data, which you will obtain and share with us to set the initial Business Growth Goals base. We will then decide on the specific percentage of agent count growth and transaction growth required in your first year based on the size of your Territory and then current market share, which percentages will range from 0.5% to 4% in your first year of operations and which may be higher or lower each year thereafter as noted below. We will add your specific Business Growth Goals into your Franchise Agreement before execution.

Each year during the term of your Franchise Agreement, we will measure Business Growth and your Business Growth Goals based on two measured components: 1) your closed residential sales transaction count and 2) agent count both as compared to the market and your baseline in your Territory over the previous 12 Accounting Periods. We retain the right to modify or eliminate the geographic size of your Territory during the term of your Franchise Agreement if you are unable to achieve your annual Business Growth Goals, and do not cure such deficiency(ies) within 60 days of receipt of written notice from us ("Correction Period"). If the Correction Period expires without a cure (i.e., you satisfying your Business Growth Goals), we will reassess your Business Growth metrics based on your actual performance during the previous 12 Accounting Periods. If you are still at or below a certain percentage of the Business Growth Goals, we will have the right to reduce or eliminate the Territory following written notice from us to you. We will document the eliminated or modified Territory in an Amendment to your Franchise Agreement, which will be fully effective regardless of whether countersigned by you. If/when the Territory is eliminated or reduced, the Territory cannot be reinstated or expanded at a later time, regardless of whether the Business Growth Goals are later satisfied, and we will have full right and authority to operate and grant franchises to third parties to operate United Broker Offices using the System and the Marks within all or such reduced portion of the former Territory as may be applicable. In addition, for each Accounting Period that your Business Growth Goals are not met, a Business Growth Goals Minimum Fee of \$500 will be assessed each Accounting Period up to and until your Business Growth Goals are satisfied.

Except for maintaining a minimum agent count of 100, the Business Growth Goals and Business Growth Goals Minimum Fee requirements, your rights with respect to the Territory are not dependent upon your achieving a certain sales volume, market penetration or other contingency. However, if you are in default and fail to timely cure, we may also alter or reduce your Territory as an alternative remedy to terminating your Franchise Agreement.

You may use the Internet to advertise only in compliance with the Franchise Agreement.

You may not relocate a United Broker Office without our consent. You are prohibited from sublicensing your rights to others, from assigning or delegating your rights and obligations to operate the

United Broker Office, and from selling other real estate brokerage or auction services without our prior written consent.

You are prohibited from providing auction marketing or auction services to customers or Agents using the Marks or System, or in partnership with any third party unaffiliated auction services companies, without our express written consent. We may from time to time provide you with auction marketing and auction event management assistance upon request and as deemed appropriate by us; provided however, we reserve the right to approve: (i) properties or assets to be sold via the auction method of marketing and reserve prices, if any, (ii) the auction marketing agreement, including its terms and conditions and budget and (iii) seller qualification.

Item 13 Trademarks

We are the direct owner of the Marks (as defined in Item 1 of this Disclosure Document) under which your Broker Office will operate. We and United Country claim common law trademark rights for all of the Marks. We hold registrations for the following principal Marks on the Principal Register of the United States Patent and Trademark Office:

Name	Registration Date (Application Date)	Registration No. (Application No.)	Class/Services
UNITED	December 19, 1978 (last renewed November 26, 2018)	1,109,683	36/real estate brokerage services
UNITED	February 28, 2006 (last renewed March 21, 2016)	3,063,245	35/real estate brokerage services
“FIND YOUR FREEDOM”	August 26, 2008 (last renewed August 7, 2018)	3,493,323	35 & 36/real estate brokerage services
UNITED REAL ESTATE and design	March 25, 2014	4,502,863	35 & 36 /real estate brokerage services
UNITED REAL ESTATE and design	October 20, 2020	6,178,587	35 & 36/real estate brokerage and agency services
UNITED REAL ESTATE	August 4, 2020	6,178,586	35 & 36/real estate brokerage and agency services
UNITED REAL ESTATE and design	(March 7, 2024)	(SN 98/438,362)	35 & 36/real estate brokerage and agency services

Certain Marks owned by United Country are exclusive to the United Country brand and certain Marks (such as “FIND YOUR FREEDOM”) may be jointly used by United franchisees and United Country franchisees.

There are no agreements in place that significantly limit our rights to use or license the use of the Marks in a manner material to the franchise.

We have filed all required affidavits for our principal Marks.

We intent to renew the registrations of all of our principal Marks and make all required filings at the times

required by law.

There are no currently effective determinations of the United States Patent and Trademark Office, The Trademark Trial and Appeal Board, or the trademark administrator of any state or any court.

On July 18, 2016, our affiliate United Country filed a Petition for Cancellation with the United States Patent and Trademark Office before the Trademark Trial and Appeal Board for cancellation of Registration No. 4776243 for the word mark UNITED REALTY, INC, which mark registered on July 21, 2015. The case is styled United Country Real Estate, LLC v. United Realty, Inc., and cancellation of the word mark was ordered effective November 14, 2018.

We are aware of a Florida based realty company named United Realty Group, Inc. that has used the name United Realty Group in offering and selling real estate services from offices located in portions of Southern and Central Florida since 2005. Our affiliate United Country previously pursued an infringement claim against them related to their use of the United name, but do not anticipate taking any further action.

On April 14, 2023, a Petitioner filed a Petition for Cancellation of United's trademark Registration No. 6,178,586, which mark has been registered since October 20, 2020. *United Real Estate, LLC, v. Five D I, LLC*; In the United States Patent and Trademark Office Before the Trademark Trial and Appeal Board. Petitioner claims it has common-law rights to the mark. United continues to defend its trademark rights and raise all appropriate defenses.

Except for the matters described above, there is no pending civil litigation involving any Mark, nor are there any pending infringement, opposition or cancellation proceedings involving the Marks.

Other than noted above, we know of no superior prior rights or infringing uses of the Marks that could materially affect their use. We are aware of several large and small real estate broker offices in various locations in the United States that use the tradename "United" in connection with other trademarks or tradenames to offer and sell real estate. You may compete with these other real estate broker offices and the use of "United" in their names and operations may lead to confusion with potential customers. We make no representations or warranties that we will proactively monitor or attempt to restrict such existing uses, but we reserve the right to do so.

You must notify us of any infringements of or challenges to the Marks that come to your attention and actively cooperate with us in the investigation of any infringement or challenge. We have the right to control any administrative proceedings or litigation involving the Marks and will take whatever action we deem appropriate.

We are not contractually obligated to defend the Marks. Nor are we contractually obligated to protect you against claims of infringement or unfair competition arising from your use of the Marks. Although we intend to defend the Marks vigorously, we are not required to participate in any defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks, or if the proceeding is resolved unfavorably to you.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of the Marks, or of our rights in the Marks.

You will have no right to use any of the Marks on or in connection with the Internet without our express written permission.

On the expiration or termination of your Franchise Agreement for any reason, you must immediately discontinue the use of all the Marks. You must also take appropriate action to remove the Marks from the premises in which your United Broker Office is located.

If we modify or discontinue the use of the Marks, you must promptly comply with and adopt, at your own expense, all such modifications.

You must identify yourself as an independently owned and operated business on any written materials used in your United Broker Office that we deem appropriate by us from time to time, including business cards, email signatures, stationary, invoices and other similar materials used with vendors, customers, employees and other third parties.

Item 14 Patents, Copyrights and Proprietary Information

Neither we nor our affiliates currently own any rights to any copyrights, patents or pending patent applications that are material to the franchise, nor do we have any pending patent applications that are material to the franchise. We claim copyright protection to our Operations Manual and the information contained in it is proprietary.

The System and the components of the System, the contents of the Operations Manual and of all training materials and computer programs developed by us or in accordance with our standards any other confidential information that we impart to you with respect to a United Broker Office's operation or management, whether through the Operations Manual or otherwise (collectively, "Trade Secrets") belong exclusively to us and the ideas and information in the Operations Manual are our sole and exclusive property.

You and your Controlling Principals must hold the elements of the System, the Trade Secrets and the contents of the Operations Manual in strict confidence, must not disclose any Trade Secret or any operating or management procedure to any person other than your Managing Principal, your Operations Manager and your other employees that must receive disclosure to understand their job duties, and must instruct and routinely remind your employees that the System, the Trade Secrets and the contents of the Operations Manual are confidential and may not be disclosed or appropriated. If you are a business entity, you must not disclose any element of the System, any of the Trade Secrets or the contents of the Operations Manual, or make the Operations Manual available, to any shareholder, director, officer, partner, member or manager of the business entity other than your Managing Principal and Operations Manager, unless such other persons are actively and regularly involved in your United Broker Office's management.

You and your Controlling Principals must not use any element of the System, any of the Trade Secrets or the operating, management or marketing procedures in the Operations Manual in connection with the operation of any establishment or enterprise other than your United Broker Office, and must promptly discontinue use of the System, the Trade Secrets and the operating, management and marketing procedures in the Operations Manual upon the expiration or termination of your Franchise Agreement.

You and your Controlling Principals must not, without our prior written consent, copy or permit any person to copy or reproduce any part of the Operations Manual and any other printed, graphic or audio/visual item designated by us as containing Trade Secrets or otherwise permit their use or inspection by any person other than you, your Managing Principal, your Operations Manager and your other employees who need to be disclosed to in order to perform their job duties, and our authorized representatives.

All employee training materials (electronic or otherwise) and all software developed by us or by following our standards contain information, embody procedures or facilitate business practices that are proprietary to us and fall within the parameters of our Trade Secrets.

You must notify us of any infringements of or challenges to the copyrighted materials that come to your attention and actively cooperate with us in the investigation of any infringement or challenge. We have the right to control any administrative proceedings or litigation involving the copyrighted materials and will take whatever action we deem appropriate.

We are not contractually obligated to defend the copyrighted materials. Nor are we contractually obligated to protect you against claims of infringement or unfair competition arising from your use of the copyrighted materials. Although we intend to defend the copyrighted materials vigorously, we are not required to participate in any defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the copyrighted materials, or if the proceeding is resolved unfavorably to you.

If we modify or discontinue the use of any copyrighted materials, you must promptly comply with and adopt, at your own expense, all such modifications.

You, your Managing Principal, your Operations Manager and certain of your other employees are bound by non-compete covenants concerning the proprietary information and may be required to enter into confidentiality and non-solicitation agreements.

Item 15

Obligation to Participate in the Actual Operation of the Franchise Business

You must appoint a Managing Principal who meets our eligibility standards, which currently includes a licensed broker or real estate license and at least five years' experience offering and selling real estate and may later be supplemented in the Operations Manual. The Managing Principal is one of your Controlling Principals appointed by you who meets our requirements and is approved by us to supervise and manage all aspects of your business and with whom we and our staff may deal exclusively for purposes of administering and coordinating the franchise relationship.

Your Controlling Principals are one or more of your owners, officers or directors that hold ownership interests in you or otherwise control you. It is required that Controlling Principals be listed in Exhibit C to the Franchise Agreement before you sign the Franchise Agreement.

We may permit you to recruit and have a full-time Operations Manager at your United Broker Office.

Your Managing Principal or your Operations Manager must have a valid real estate broker's license for the state(s) in which your Territory is located.

Before rendering services to your United Broker Office, the Managing Principal and the Operations Manager (another approved trainee) (and any replacements for those persons) must attend and complete, to our satisfaction, initial training conducted by us.

We may require that you obtain signed Confidentiality Agreements and Covenants Not to Compete in the form attached to the Franchise Agreement from your Managing Principal, your Operations Manager and any other managerial level employees. See Exhibit A of the Franchise Agreement.

If you are a business entity, your Controlling Principals must agree to be bound by certain provisions of the Franchise Agreement, including those relating to confidential treatment of our Trade Secrets. Each principal we designate as a Controlling Principal must sign the Personal Guaranty and Controlling Principals' Undertaking attached to the Franchise Agreement. See Exhibit A of the Franchise Agreement. We reserve the right to require spouses of your designated Controlling Principals to sign the Personal Guaranty and Controlling Principals' Undertaking if we believe the spouse will be involved with the business or you and your spouse reside in a community property state.

Item 16

Restrictions on What the Franchisee May Sell

You must open your United Broker Office during the business hours and days of operation provided in the Operations Manual, unless we provide you a written exception.

As described in Item 12, we currently require you to adhere to our United Broker Office urban properties model. Any recruitment or retention efforts you undertake with respect to agent or marketshare must remain consistent with our United Broker Office urban properties model. The United systems are not designed to target agricultural, hunting, recreational, or other rural lifestyle properties, which are more properly suited to our affiliate, United Country's business model. To maintain distinction between the brands, you and your agents are not permitted to position or principally market as a Broker or purveyor of agricultural, hunting, recreational, or other rural lifestyle properties outside of or adjacent to your designated Territory. We do encourage partnering with our affiliate, United Country, to facilitate the occasion when such a transaction may be had.

You and your Agents must offer to your customers all of the real estate brokerage and related services specified by us, which may be revised occasionally. You cannot offer any real estate brokerage and related services that have not been authorized by us. Without our prior written approval, no other real estate brokerage and related services may be provided by your United Broker Office. We have the right to change the real estate brokerage and related services without limitation, and you must promptly comply with the new requirements.

If the required addition of real estate brokerage and related services would not require new training or the purchase of new fixtures or equipment (other than items we classify as supplies), we may instruct you to begin offering the new real estate brokerage and related services as of a date specified in a supplement to the Operations Manual. Similarly, if the required deletion of real estate brokerage and related services would not require any new training or the removal of fixtures or equipment (other than items we classify as supplies), we may direct you to cease offering the real estate brokerage and related services as of a date specified in a supplement to the Operations Manual. You must comply with our instructions as of the date we specify, which need not be more than 30 days after we distribute the Operations Manual supplement.

If we allow your United Broker Office to participate in any new real estate brokerage and related services test, you must participate in the test in accordance with our Standards and must discontinue offering any real estate brokerage and related services that we decide not to add permanently.

If you develop or suggest an innovation or improvement that we decide to incorporate into the System, either temporarily or permanently, the innovation or improvement will become our Confidential Information and property without compensation.

You may not sell any real estate brokerage and related services to any wholesale customer; sell any real estate brokerage and related products or services from catalogues or an Internet website without our prior written permission.

Except as described above in Item 13 and this Item 16, there are no other restrictions on the customers to whom you may sell.

Item 17
Renewal, Termination, Transfer and Dispute Resolution

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreement attached to this Disclosure Document.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Summary Page and §12	10 years.
b. Renewal or extension of the term	Summary Page and §12	One 10-year renewal term if, subject to applicable state law, we do not give you written notice of our intent not to renew your Franchise Agreement at least 180 days before the expiration of the term of your Franchise Agreement.
c. Requirements for franchisee to renew or extend	§12(b)	Subject to applicable state law, renewal only available to you if we do not give you written notice of our intent not to renew your Franchise Agreement at least 180 days before the expiration of the term of your Franchise Agreement. You must not be in default, and must give notice, pay a renewal fee, remodel the United Broker Office, and sign our then-current form of franchise agreement (which may contain materially different terms and conditions as the original agreement), sign a general release and attend training, if we require.
d. Termination by franchisee	Not Applicable	Franchisee may terminate under any grounds permitted by applicable law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	§15	We can terminate only if you commit any one of several listed violations.
g. “Cause” defined – curable defaults	§15(b)	You have 3, 5, 10, 15 or 30 days to cure, depending on the default, except for an unauthorized transfer you must cure before the transfer is complete and if you tamper with the United Broker Office’s information system, you must restore the system on notice.
h. “Cause” defined – non-curable defaults	§15(c)	Such defaults include: breach of non-compete, covenants concerning the Operations Manual, system or anti-corruption or anti-terrorism laws; abandon United Broker Office; failure to

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		comply with the Business Growth Goals and/or Business Growth Goals Minimum Fee; revoke automatic debit authorization; fail to exercise options regarding death provision; allow 3 events of default to occur in a 12-month period; insolvency of you or your guarantor; a receiver is appointed for a substantial part of your assets or a judgment in the amount of \$5,000 or more is made against you.
i. Franchisee’s obligations on termination/non-renewal	§16	Such obligations include discontinuance of use of trademarks, copyrighted materials, the System and trade secrets, return Operations Manual, and removal of trade dress.
j. Assignment of contract by franchisor	§14(i)	No restriction on our right to transfer.
k. “Transfer” by franchisee - defined	§2 and §14	Includes transfer of contract or assets or any ownership change.
l. Franchisor approval of transfer by franchisee	§14(a)	Transfer requires our prior written consent.
m. Conditions for franchisor approval of transfer	§14(b) and §14(d)	Conditions include: you are not in default; new transferee and Controlling Principals, if applicable, qualify to own a new United Broker Office; asset transfer is complete disposition of franchise; Operations Manual and copyrighted materials are returned; sign general release; transferee satisfactorily completes training and meets all of our other requirements; sign then-current form of franchise agreement; transfer fee is paid; payment terms are provided; profit and loss and cash flow projections are provided; new Controlling Principals sign guarantees, outgoing Principals continue to guaranty contract performance through original term of contract.
n. Franchisor’s right of first refusal to acquire franchisee’s business	§14(g)	We have option for 30 days to purchase on same terms and conditions offered to third party.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
o. Franchisor's option to purchase franchisee's business	§14(g), §14(h) and §16(j)	Applies if you want to transfer, we require new management after a death, your Controlling Principals do not comply with the required provisions after a death, on expiration of the Franchise Agreement, and on termination of the Franchise Agreement.
p. Death or disability of franchisee	§14(h)	We must approve new management and if not approved, franchise must be sold.
q. Non-competition covenants during the term of the franchise	§18(a)	Subject to applicable state law, no involvement in a competing business which is located (i) at the United Broker Office Business Address; or (ii) within the Territory, or (iii) within fifty (50) miles of the perimeter of the Territory, or (iv) within fifty (50) miles of the perimeter of the Territory of any other United Broker Office; or (v) within one-hundred and fifty (150) miles of the perimeter of the Territory, or (vi) within one-hundred and fifty (150) miles of the perimeter of the Territory of any other United Broker Office; (vii) within the United States; or (viii) anywhere in the world. A competing business is defined as a real estate brokerage, auction or marketing services business that offers residential or commercial real estate services to third parties through any means of distribution.
r. Non-competition covenants after the franchise is terminated or expires	§18(a)	Subject to applicable state law, for a year following termination or expiration no: (i) involvement with competing business within a ten (10) mile radius of Territory or in business servicing real estate franchise organizations, (ii) solicitation of any other United franchisee's real estate agents, (iii) diversion of your customers to competitors of Franchisor, and (iv) performance of acts that damage the goodwill of System.
s. Modification of the agreement	§27(b)	No changes unless mutually agreed to in writing.
t. Integration/ merger clause	§28(a)	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u. Dispute resolution by litigation or mediation	Not Applicable	Not Applicable
v. Choice of forum	§23(b)	Subject to applicable state law, U.S. District Court for Northern District of Texas or state courts in Dallas County, Texas. But see state specific amendments to the Franchise Agreement.
w. Choice of law	§23(a)	Subject to applicable state law, Texas law. But see state specific amendments to the Franchise Agreement.

**Item 18
Public Figures**

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

**Item 19
Financial Performance Representations**

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations, either orally or in writing. If you receive any financial performance information or projections of your future income, you should report it to our management by contacting Dan Duffy, 2820 NW Barry Road, Kansas City, Missouri 64154, (816) 420-6200, the Federal Trade Commission and the appropriate state regulatory agencies.

**Item 20
Outlets and Franchisee Information**

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

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	73	70	-3
	2022	70	73	+3
	2023	73	72	-1
Company-Owned**	2021	11	14	+3
	2022	14	16	+2

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
	2023	16	18	+2
Total Outlets	2021	84	84	+0
	2022	84	89	+5
	2023	89	90	+1

*We have included outlets through our fiscal year ended December 31, 2023.

**This includes outlets operated by us through joint ventures that we control.

**TABLE NO.2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR FISCAL YEARS 2021 TO 2023***

State	Year	Number of Transfers
Florida	2021	2
	2022	1
	2023	0
New Jersey	2021	0
	2022	1
	2023	0
Texas	2021	1
	2022	0
	2023	0
Totals	2021	3
	2022	2
	2023	0

*We have included outlets through our fiscal year ended December 31, 2023.

**TABLE NO. 3
FRANCHISED OUTLETS STATUS SUMMARY
FOR FISCAL YEARS 2021 TO 2023***

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets Operating At Year End
Arizona	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Arkansas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
California	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	0	2	0	0	0	6

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets Operating At Year End
Colorado	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	1	0	0	0	0	8
Illinois	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Indiana	2021	2	0	1	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Iowa	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kansas	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Kentucky	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Louisiana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maryland	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Minnesota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Mississippi	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Missouri	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
New York	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	2
North Carolina	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7

State	Year	Outlets Operating at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets Operating At Year End
	2023	7	0	0	0	0	0	7
Ohio	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Oregon	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Pennsylvania	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
South Carolina	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Tennessee	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Virginia	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Texas	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Washington	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Totals*	2021	73	0	2	0	0	1	70
	2022	70	3	0	0	0	0	73
	2023	73	1	2	0	0	0	72

*We have included outlets through our fiscal year ended December 31, 2023.

TABLE NO. 4
COMPANY-OWNED OUTLETS STATUS SUMMARY
FOR FISCAL YEARS 2021 TO 2023*

State	Year	Outlets Operating at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets Operating At End of Year
Florida	2021	1	1	0	0	0	2
	2022	2	1	0	0	0	3
	2023	3	0	0	0	0	3
Georgia	2021	3	1	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
Illinois	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Kansas	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Kentucky	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
Pennsylvania	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Tennessee	2021	2	0	0	1	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Texas	2021	2	1	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	1	0	0	4
Virginia	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Washington, D.C.	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Totals**	2021	11	4	0	1	0	14
	2022	14	2	0	0	0	16
	2023	16	1	1	0	0	18

*We have included outlets through our fiscal year ended December 31, 2023.

**This includes outlets operated by us through joint ventures that we control.

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

State	Franchise Agreements Signed But Outlets Not Open as of December 31, 2023	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Florida	0	2	0
Kansas	1	0	2
Kentucky	0	2	0
Missouri	0	0	1
New Jersey	0	2	0
Tennessee	1	2	0
Texas	1	2	0
Virginia	1	0	0
Totals	4	10	3

List of Current Franchisees

Contact information for our franchisees is contained in Exhibit G.

List of Former Franchisees

Exhibit G contains a list of the franchisees that operated a United Broker Office of the type offered in this Disclosure Document who were terminated, not renewed, or voluntarily or involuntarily ceased to do business under a franchise or other agreement during our last fiscal year. No franchisee that operates a United Broker Office of the type offered in this Disclosure Document failed to communicate with us during the 10 weeks 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 system.

Purchase of Previously-Owned Franchise

If you are purchasing a previously-owned franchised outlet, we will provide you additional information on the previously-owned franchised outlet in an addendum to this Disclosure Document.

Confidentiality Clauses

During the last 3 fiscal years, we have not signed any agreements with franchisees that contain confidentiality clauses that would restrict a franchisee’s ability to speak openly about their experience.

Trademark-Specific Franchisee Organizations

We are not currently aware of any trademark-specific franchisee organizations associated with the franchise system which we have created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this Disclosure Document.

Item 21
Financial Statements

Attached to this Disclosure Document as Exhibit A are the following financial statements:

1. Our interim, unaudited consolidated financial statements as of and for the five-month period ended May 31, 2024.
2. Our audited consolidated financial statements as of and for the years ended December 31, 2023 and December 31, 2022.
3. Our audited consolidated financial statements as of and for the years ended December 31, 2022 and December 31, 2021.

We operate on a calendar year fiscal year.

Item 22
Contracts

The United Franchise Agreement offered by this Disclosure Document is attached to this Disclosure Document as Exhibit B. A sample form of general release is attached to this Disclosure Document as Exhibit D.

Item 23
Receipts

Attached as the last 2 pages of this Disclosure Document are Receipts to be signed by you. You must sign and date 1 Receipt the day you receive the Disclosure Document and return it to our corporate office at the address listed on the cover page of the Disclosure Document.

EXHIBIT A

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Five D I, LLC AND SUBSIDIARIES

Consolidated Balance Sheet

Reporting Book: ACCRUAL
As of Date: 5/31/2024
Location: Five D I, LLC AND SUBSIDIARIES

Month Ending
5/31/2024

Assets

Current Assets 16,122,409

Fixed Assets, Net 21,990,419

Other Assets 57,753,520

Total Assets 95,866,349

Liabilities and Equity

Current Liabilities 15,062,363

Other Liabilities 40,479,785

Stockholders Equity 40,324,201

Total Liabilities and Equity 95,866,349

Five D I, LLC AND SUBSIDIARIES

Consolidated Profit and Loss

Reporting Book: ACCRUAL
Five Months
ended
As of Date: 5/31/2024
Location: Five D I, LLC AND SUBSIDIARIES

YTD
5/31/2024

Revenue	<u>\$ 209,043,849</u>
Cost of Revenue	<u>\$ 189,870,176</u>
Gross Profit	<u>\$ 19,173,673</u>
Operating Expenses	<u>\$ 19,471,147</u>
Other Income (Expense)	<u>\$ (972,987)</u>
Net Income (Loss)	<u><u>\$ (1,270,461)</u></u>

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FIVE D I, LLC AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022





INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management

FIVE D I, LLC AND SUBSIDIARIES

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Five D I, LLC and Subsidiaries as of December 31, 2023 and 2022, and the results of their operations and their 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our 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 Consolidated Financial Statements

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

In preparing the consolidated 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 for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

Mayer Hoffman McCann P.C.

Kansas City, Missouri
April 30, 2024

FIVE D I, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (a)	\$ 7,191,135	\$ 9,802,852
Notes and accounts receivable, net (a)	4,196,873	3,190,925
Accounts receivable, related parties	438,683	417,672
Current portion of deferred commissions	352,820	349,875
Prepaid expenses and other current assets (a)	1,455,578	739,405
TOTAL CURRENT ASSETS	13,635,089	14,500,729
PROPERTY AND EQUIPMENT, net (a)	2,145,278	1,094,236
OPERATING LEASE RIGHT-OF-USE ASSETS, net (a)	17,801,386	18,195,368
OTHER ASSETS (a)	2,496,942	515,927
FORGIVABLE NOTE RECEIVABLE	90,000	120,000
DEFERRED COMMISSIONS, net of current portion above	815,723	888,478
INTANGIBLE ASSETS, net (a)	56,995,039	64,997,102
TOTAL ASSETS	\$ 93,979,457	\$ 100,311,840
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable (a)	\$ 3,768,892	\$ 2,492,235
Accounts payable, parent	1,507,506	383,975
Other accrued liabilities (a)	1,685,501	3,146,763
Unearned revenue	446,181	422,975
Current portion of deferred franchise fees	763,042	582,842
Current portion of finance lease liabilities	84,637	100,994
Current portion of operating lease liabilities (a)	3,275,032	3,525,375
Current portion of long-term debt	1,417,388	372,388
TOTAL CURRENT LIABILITIES	12,948,179	11,027,547
FINANCE LEASE LIABILITIES, net of current portion	133,351	258,727
OPERATING LEASE LIABILITIES, net of current portion (a)	15,236,244	15,032,711
LONG-TERM DEBT, net of current portion above	22,982,942	20,276,954
CONTINGENT CONSIDERATION, net	80,000	7,446,359
DEFERRED FRANCHISE FEES, net of current portion above	1,021,884	1,482,121
TOTAL LIABILITIES	52,402,600	55,524,419
<u>MEMBER'S EQUITY</u>		
MEMBER'S EQUITY OF FIVE D I, LLC	31,161,761	33,458,869
NON-CONTROLLING INTERESTS	10,415,096	11,328,552
TOTAL EQUITY	41,576,857	44,787,421
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 93,979,457	\$ 100,311,840

(a) Consolidated assets as of December 31, 2023 and 2022 include total assets of \$12,817,969 and \$13,796,791, respectively, of certain variable interest entities (VIE's) that can only be used to settle the liabilities of those VIE's. Consolidated liabilities as of December 31, 2023 and 2022 include liabilities of \$9,494,024 and \$9,523,845, respectively, of certain VIE's for which the VIE's creditors do not have recourse to Five D I, LLC. See Note 4.

See Notes to Consolidated Financial Statements

FIVE D I, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31, 2023 and 2022

	2023	2022
NET REVENUES		
Commissions	\$ 436,170,167	\$ 454,164,979
Royalties on franchisee transactions	11,313,942	14,944,171
Other product and service fees from franchisees	7,079,909	6,426,750
Transaction and other fees	34,897,064	33,369,791
Initial franchise fees and renewals	650,022	860,149
GROSS REVENUES	490,111,104	509,765,840
FEES PAID TO AGENTS	436,170,167	454,164,979
NET REVENUES	53,940,937	55,600,861
 OPERATING (INCOME) EXPENSES		
Selling, general and administrative expenses	53,102,383	50,294,118
Change in fair value of contingent consideration	(136,000)	1,444,359
TOTAL OPERATING EXPENSES	52,966,383	51,738,477
INCOME FROM OPERATIONS	974,554	3,862,384
 OTHER INCOME (EXPENSE)		
Interest expense	(2,266,430)	(727,330)
Other income	594,598	422,692
TOTAL OTHER EXPENSE	(1,671,832)	(304,638)
 NET INCOME (LOSS)	(697,278)	3,557,746
NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(395,358)	(440,533)
NET INCOME (LOSS) ATTRIBUTABLE TO FIVE D I, LLC	\$ (301,920)	\$ 3,998,279

See Notes to Consolidated Financial Statements

FIVE D I, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY

Years Ended December 31, 2023 and 2022

	<u>Member's Equity of Five D I, LLC</u>	<u>Non- controlling Interests</u>	<u>Total Equity</u>
Balance, January 1, 2022	\$ 38,279,202	\$ 6,516,485	\$ 44,795,687
Member contributions	14,770,000	-	14,770,000
PSR acquisition	-	4,688,000	4,688,000
Rayson acquisition	-	1,368,000	1,368,000
Member distributions	(23,588,612)	(803,400)	(24,392,012)
Net income (loss)	<u>3,998,279</u>	<u>(440,533)</u>	<u>3,557,746</u>
Balance, December 31, 2022	33,458,869	11,328,552	44,787,421
Member contributions	7,570,859	162,500	7,733,359
Member distributions	(9,566,047)	(680,598)	(10,246,645)
Net loss	<u>(301,920)</u>	<u>(395,358)</u>	<u>(697,278)</u>
Balance, December 31, 2023	<u>\$ 31,161,761</u>	<u>\$ 10,415,096</u>	<u>\$ 41,576,857</u>

See Notes to Consolidated Financial Statements

FIVE D I, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (697,278)	\$ 3,557,746
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	7,022,808	6,331,910
Amortization of deferred financing costs	77,862	43,083
Allowance for doubtful accounts	(97,836)	(32,123)
Amortization of forgivable note receivable	30,000	30,000
Amortization of right-of-use asset	4,034,902	3,514,306
Change in fair value of contingent consideration	(136,000)	1,444,359
Gain on equity method investment	(586,513)	(714,008)
Loss on lease terminations	78,327	-
Change in operating assets:		
Notes and accounts receivable	(908,112)	(111,017)
Related party receivables	(21,011)	182,088
Prepaid expenses and other current assets	(716,173)	103,161
Other assets	(508,971)	675,137
Distributions received from equity method investment	1,163,945	-
Deferred commissions	69,810	(5,134)
Change in operating liabilities:		
Accounts payable	1,276,657	989,235
Accounts payable, parent	1,123,531	(211,420)
Other accrued liabilities	(1,461,262)	(539,164)
Unearned revenue	23,206	(70,243)
Deferred franchise fees	(280,037)	(164,975)
Operating lease liabilities	(3,766,057)	(3,334,836)
Other long-term liabilities	-	(252,554)
NET CASH FLOWS FROM OPERATING ACTIVITIES	5,721,798	11,435,551
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,346,908)	(122,773)
Development of internal use software	(371,355)	(192,001)
Acquisitions, net of cash acquired	(250,000)	(13,305,154)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,968,263)	(13,619,928)
CASH FLOWS FROM FINANCING ACTIVITIES		
Member contributions	350,000	14,770,000
Net borrowings on line-of-credit	395,000	236,646
Proceeds from long-term debt	7,200,000	20,416,488
Repayment of long-term debt	(3,921,874)	(4,213,153)
Payment of contingent consideration	-	(1,915,000)
Member distributions	(10,246,645)	(24,392,012)
Payments on finance lease obligations	(141,733)	(111,969)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(6,365,252)	4,791,000
NET CHANGE IN CASH	(2,611,717)	2,606,623
CASH, BEGINNING OF YEAR	9,802,852	7,196,229
CASH, END OF YEAR	\$ 7,191,135	\$ 9,802,852

See Notes to Consolidated Financial Statements

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Organization and description of business

Five D I, LLC (“Five D”) is a Delaware limited liability company headquartered in Kansas City, Missouri. Five D was formed on April 8, 2015 and is the sole member of United Country Real Estate, LLC (“UCRE”). Five D I, LLC began operations on June 1, 2015.

UCRE is a national franchise system specializing in residential, farm, ranch, commercial and recreational properties for sale throughout the small towns and cities of rural America. With a heritage dating back to 1925, UCRE has 446 franchised offices from coast-to-coast. All real estate operations are conducted by independently owned and operated franchisees, which primarily provide brokerage and/or auction services.

Five D also conducts business in urban America as a franchisor under the trade name United. With a unique and disruptive business model, United is the only national franchise company that provides 100 percent commission to agents combined with a full suite of state-of-the-art technology and marketing tools. Additionally, unlike competing franchise systems, United follows the “protected territory” model, only allowing one franchise per market.

Five D owns fifty percent of the following limited liability companies (collectively, the “United Entities”). These entities, with the exception of Unitum Texas, provide fully integrated real estate and auction services in the metropolitan markets that they serve. Unitum Texas provides title insurance services.

- United Real Estate – Chicago, LLC
- United Real Estate – Houston, LLC
- United Real Estate – Philadelphia, LLC
- United Real Estate – Washington D.C., LLC
- Unitum Texas

During 2023, Five D acquired certain assets and liabilities of McKinney Knox, LLC via its 55% interest in Leading Edge Realty, LLC.

During 2022, Five D acquired 75% of the member units of Pearson Smith Realty, LLC (“Pearson Smith Realty”) and 70% of the member units of Rayson Partners, LLC as further described in Note 3. Pearson Smith Realty’s 50% investment in PSR Title, LLC (“PSR Title”) is accounted for by the equity method.

(2) Summary of significant accounting policies

Principles of consolidation - The accompanying consolidated financial statements include the accounts of Five D and its wholly-owned subsidiaries UCRE, United Real Estate – Dallas (“URE Dallas”), United Real Estate Fort Lauderdale, LLC, United Real Estate Fort Lauderdale Associates, LLC, Benchmark Realty, LLC, Virtual Properties Realty, LLC, and Quick-Close Properties, LLC. The consolidated financial statements also include the accounts of Strategic Client Services, LLC (“SCS”), a wholly-owned subsidiary of UCRE, the United Entities, Platinum Realty, LLC, Leading Edge Realty, LLC (“Leading Edge”), Charles Rutenberg Realty – Orlando, LLC (“CRR”), Charles Rutenberg Realty Associates – Orlando, LLC (“CRRRA”), Pearson Smith Realty, LLC (“PSR”), and Rayson Partners, LLC (“Rayson”). Collectively, these entities are referred to herein as “the Company”. Management determined that the United Entities, CRR, CRRRA, and Leading Edge are variable interest entities (“VIEs”) as further discussed in Note 4. In accordance with the guidance of Accounting Standards Codification (“ASC”) 810, *Consolidation*, issued by the Financial Accounting Standards Board (“FASB”), Five D has been determined to be the primary beneficiary of these entities. All significant intercompany balances and transactions have been eliminated in consolidation.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Use of estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The most significant of these estimates relates to the fair value of goodwill and other intangible assets, the fair value of assets acquired and liabilities assumed, and the fair value of contingent consideration. The Company based its estimates on historical experience, market conditions, anticipated future operating results and various other assumptions that were believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Revenue recognition - Substantially all of the Company's revenues are from franchise agreements with franchisees. The Company's revenues consist primarily of royalties on real estate transactions of the Company's franchisees, ongoing service and transaction fees from franchisees, and initial franchise and renewal fees. The Company's franchise agreements offer franchisees benefits such as common use and promotion of Company trademarks, marketing tools and training, access to technology, and other benefits. The Company concluded these benefits are highly related and represent a single performance obligation for each franchise agreement.

Royalties and transaction fees are payable to the Company by franchisees for brokered real estate transactions or auction services provided by the franchisees. Royalties for brokered real estate transactions are generally 1% of the sales price, not to exceed 20% of the gross commission earned by the franchisee; however, royalties for residential property transactions are limited to a maximum rate based on the franchisee's gross commission level. Royalties and transaction fees are recognized when the underlying real estate transaction occurs.

Initial franchise fees and renewal fees are recognized over time as the franchisee simultaneously receives and consumes the benefits provided by the use of the franchise license for the duration of the franchise term, which is generally 5-10 years. Renewal fees are received when franchisees choose to renew a franchise license for an additional term and are recognized ratably over the renewal term. Revenue recognized for the years ended December 31, 2023 and 2022 that was included in deferred franchise fees at the beginning of each year was \$595,088 and \$559,738, respectively.

Other fees, relating primarily to technology and marketing efforts, are recognized ratably over time based on the term of the initial franchise agreement or renewal.

Other revenues from franchisees consist primarily of fees for production of marketing pieces and sales of signs, and are recognized as revenue when the service has been performed or the product has been shipped.

Deferred commissions - The Company incurs commission costs related to obtaining a license agreement with a franchisee. Commissions are deferred and amortized on a straight-line basis over the term of the license agreement, which is generally 5-10 years.

Cash - The Company's cash includes cash on hand and demand deposits held by financial institutions. At times, the Company maintains deposits in financial institutions in excess of federally insured limits. As of December 31, 2023 and 2022, there was \$3,970,109 and \$8,928,006, respectively, held at financial institutions that exceeded federally insured limits. Management monitors the cash in excess of these limits and believes the risk of loss is negligible.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Adoption of new accounting standard – On January 1, 2023, the Company implemented Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*, and all of the related amendments using the modified retrospective method. The adoption of ASC Topic 326 did not have a material impact on the Company’s consolidated financial position, results of operations, or cash flows. As such, the Company did not make any adjustments to its consolidated financial position upon adoption.

Notes and accounts receivable, net - The Company’s customers are its franchisee real estate brokers located throughout the United States of America. Exposure to losses on receivables is principally dependent upon each franchisee’s financial condition. The Company has no collateral requirements and provides allowances for anticipated losses based on the age of the receivables. The Company does not charge interest on past due receivables. An account is written off when it is determined that all collection efforts have been exhausted. As of December 31, 2023 and 2022, the Company’s allowance for doubtful accounts was \$255,948 and \$294,602, respectively. The balance of notes receivable, included in notes and accounts receivable as of December 31, 2023 and 2022, totaled \$102,979 and \$95,579, respectively.

Accounts receivable, related parties - The Company has made advances totaling \$599,760 to certain members of its parent company, United Real Estate Holdings, LLC (“Holdings”). These receivables are unsecured, non-interest bearing, and have no stated maturity date. The balance of these receivables was \$295,149 as of both December 31, 2023 and 2022.

Property and equipment, net - Property and equipment is stated at cost. Major replacements and betterments are capitalized while maintenance and repair costs are charged to expense as incurred. Leasehold improvements are amortized over the related lease term or estimated useful lives of the improvements, whichever is shorter. Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Leasehold improvements	5 - 15 years
Furniture and office equipment	5 - 10 years
Vehicles	5 years

Equity method investment – PSR’s 50% investment in PSR Title is accounted for via the equity method whereby PSR’s share of PSR Title’s net income or loss is reflected in the consolidated statements of operations. During the year ended December 31, 2023, PSR completed its accounting for the acquisition date fair value of its 50% interest in PSR Title, as more fully discussed in Note 3. The investment balance had a carrying value of \$1,932,914 and \$30,524 as of December 31, 2023 and 2022, respectively. The cost basis of the investment balance was \$30,524 as of both December 31, 2023 and 2022. PSR’s share of PSR Title’s operations resulted in income of \$586,513 and \$714,008 that is reflected in other income in the consolidated statements of operations for the years ended December 31, 2023 and 2022, respectively.

Intangible assets, net - The Company amortizes goodwill on a straight-line basis over ten years. The Company tests goodwill for impairment at the reporting unit level when it is more likely than not the fair value of an entity may be below its carrying amount. If the Company assesses this likelihood to be greater than 50%, the fair value of net assets is computed to determine if the fair value exceeded the carrying value.

Trademarks are indefinite lived intangible assets carried at cost and are not amortized but are reviewed annually for impairment. Finite lived intangible assets consist of internally developed software costs and are amortized on a straight-line basis over three years.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Impairment of long-lived assets - The Company assesses the impairment of long-lived assets, which include property and equipment and finite lived intangible assets, whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future undiscounted cash flows expected to result from its use and eventual disposition. In cases where the estimated undiscounted cash flows are less than the carrying value, an impairment loss will be recognized if the carrying value exceeds the fair value of the asset.

For indefinite lived intangible assets, the impairment test consists of a comparison of the fair value of the intangible asset with its carrying amount. Fair value is an estimate of the price a willing buyer would pay for the intangible asset and is generally estimated by discounting the expected future cash flows associated with the intangible asset. No impairment was recorded for the years ended December 31, 2023 and 2022.

Accounts payable, parent - The Company, from time to time, transfers cash to Holdings. The payable is unsecured, non-interest bearing, and has no payment terms or maturity date.

Debt issuance costs - Debt issuance costs are capitalized and amortized to interest expense on a straight-line basis, which approximates the effective interest method, over the term of the underlying debt agreement. Total debt issuance costs as of both December 31, 2023 and 2022, were \$379,250. Unamortized debt issuance costs as of December 31, 2023 and 2022, were \$258,304 and \$332,994, respectively, and are presented net of debt.

Income taxes - The member of the Company has elected to be taxed as a partnership under the provisions of the Internal Revenue Code. Under these provisions, the Company does not pay corporate income taxes on its income, nor is it allowed a net operating loss carryforward or a carryback as a deduction. Instead, the member of the Company is liable for income taxes on the taxable income or loss of the Company.

The Company has adopted the standards requiring disclosure of uncertain income tax positions under FASB ASC 740, *Income Taxes*. The Company has not identified any income tax positions which are considered to be uncertain. The Company files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions. The Company is no longer subject to income tax examinations by federal, state, or local tax authorities for years before 2020.

Variable interest entities - The Company evaluates entities within the scope of the VIE consolidation model, as determined by FASB ASC 810, *Consolidation*, to determine if: (a) the Company has the right to receive benefits or the obligation to absorb losses that could potentially be significant to an entity, (b) whether an entity is a VIE, and (c) if the Company is the primary beneficiary of a VIE.

In determining whether the Company has the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, the Company evaluates all of their economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity's design, including: the entity's capital structure, contractual rights to earnings (losses), subordination of the Company's interests relative to those of other investors, contingent payments, as well as other contractual arrangements that have potential to be economically significant.

In determining whether an entity is a VIE, the Company evaluates if the entity has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, has a group of equity owners unable to make significant decisions about its activities, or has a group of equity owners who do not have the obligation to absorb losses or the right to receive returns generated by its operations.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Variable interest entities (continued) - In evaluating who is the primary beneficiary of a VIE, the Company considers who has the power to direct the activities most significant to the economic performance of the entity. The Company also considers the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and the Company's decision-making role, if any, in those activities that significantly determine the VIE's economic performance as compared to other economic interest holders.

The evaluation of an entity under the VIE consolidation model requires significant judgment and consideration of all facts and circumstances relevant to the Company's involvement in an entity, as well as an entity's performance, economics, decision-making and design. See Note 4 for further discussion.

Common control arrangements - The Company adopted Accounting Standards Update ("ASU") No. 2018-17, *Targeted Improvements to Related Party Guidance for Variable Interest Entities (Topic 810)*, which is the private company accounting alternative for entities under common control. Under the accounting alternative, the Company does not evaluate commonly controlled entities meeting certain criteria for consolidation under the variable interest entity model.

The Company and URE Philly Conveyance, LLC ("Philly Conveyance") and URE Philly Abstract ("Philly Abstract") are under common control. Philly Conveyance and Philly Abstract are not presented in the consolidated financial statements as they are wholly-owned subsidiaries of Holdings. The entities were created during 2018 by certain related parties of the Company to provide various services during real estate transactions.

The Company recognized revenues of \$41,005 and \$120,261 from these commonly controlled entities during the years ended December 31, 2023 and 2022, respectively. The Company had receivables due from commonly controlled entities of \$121,789 and \$122,523 which are recorded in accounts receivable, related parties on the consolidated balance sheets as of December 31, 2023 and 2022, respectively.

Advertising - The Company expenses the production costs of advertising the first time the advertising takes place, except for catalogues, which are capitalized as prepaid expense and amortized as they are shipped to customers and franchise offices. Advertising expense for the years ended December 31, 2023 and 2022 was \$1,892,673 and \$1,535,273, respectively.

Acquisitions - The Company accounts for acquisitions of businesses in accordance with FASB ASC Topic 805, *Business Combinations*. The Company allocates the purchase price based on the fair value of the identifiable tangible assets acquired and liabilities assumed. The Company determines the fair value of tangible assets using valuation techniques that consider comparable market transactions and other available information. As final information regarding the fair value of assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments are made no later than twelve months from the acquisition date. The Company determines the fair value of identified intangible assets using valuation techniques that consider comparable market transactions, weighted average cost of capital, discounted cash flows, and other available information. The Company allocates the purchase price based on the fair value of the identifiable tangible and intangible assets and liabilities. The difference between the total consideration paid and sum of the fair values of the acquired tangible and intangible assets less liabilities assumed is recorded as goodwill.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Leases - The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities, net of current portion, and current portion of operating lease liabilities on the consolidated balance sheets.

Finance leases are presented in property and equipment, current portion of finance lease liabilities, and finance lease liabilities, net of current portion on the consolidated balance sheets.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the lease payments over the lease term at commencement date. As most of the leases do not provide an implicit rate, the Company uses the risk-free discount rate on the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes initial direct costs incurred by the lessee and any lease payments made to the lessor before the commencement date, and excludes any lease incentives received.

The lease terms consist of the following: any noncancelable periods, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain to not exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

Going concern assessment - Management annually evaluates 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 from the date that the consolidated financial statements are available to be issued. The evaluation is based on relevant conditions and events that are known or reasonably knowable at the date that the consolidated financial statements are available to be issued. Management has performed this evaluation, considering projected financial performance and access to various sources of capital, and determined there are no 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 from the date the consolidated financial statements are available to be issued.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(3) Acquisitions

As described in Note 1, the Company acquired certain assets and liabilities of McKinney Knox, LLC via its 55% interest in Leading Edge Realty, LLC on June 15, 2023. The following table summarizes the consideration transferred and the fair value of the assets and liabilities acquired at the date of acquisition:

Fair value of total consideration transferred:

Cash consideration paid	\$	250,000
Rollover equity		128,000
Contingent consideration		<u>25,000</u>
Total consideration transferred	\$	<u>403,000</u>

Recognized fair value amounts of identifiable assets acquired and liabilities assumed:

Operating lease right-of-use assets, net	\$	112,862
Trademark		50,000
Goodwill		353,000
Operating lease liabilities		<u>(112,862)</u>
Fair value of assets acquired and liabilities assumed	\$	<u>403,000</u>

The contingent consideration is based on certain agent retention or transaction volume thresholds as of June 15, 2025 and June 15, 2026. The maximum amount of the contingent consideration payments is \$500,000 (\$250,000 for each of the measurement periods) and the minimum payment is \$0.

As of April 30, 2024, the acquisition accounting is provisional until the Company finalizes the valuation of the rollover equity and contingent consideration.

The primary factor that most significantly contributed to a purchase price allocation resulting in the recognition of goodwill was the ability to grow the number of agents under the United brand name in the Decatur, Alabama and Huntsville, Alabama markets.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(3) Acquisitions (continued)

As described in Note 1, the Company purchased 75% of the membership interests of PSR on June 22, 2022. The following table summarizes the consideration transferred and the fair value of the assets and liabilities acquired at the date of acquisition:

Fair value of total consideration transferred:

Cash consideration paid	\$ 12,283,927
Fair value of non-controlling interest	4,688,000
Contingent consideration	145,000
	<hr/>
Total consideration transferred	<u>\$ 17,116,927</u>

Recognized fair value amounts of identifiable assets acquired and liabilities assumed:

Cash	\$ 1,186,879
Accounts receivable	1,343,878
Prepaid expenses and other current assets	28,036
Other assets	2,080,000
Right-of-use assets	1,830,175
Trademark	295,000
Goodwill	13,475,199
Accounts payable	(51,297)
Accrued expenses	(1,240,768)
Operating lease liabilities	(1,830,175)
	<hr/>
Fair value of assets acquired and liabilities assumed	<u>\$ 17,116,927</u>

The contingent consideration is based on certain EBITDA results for the trailing twelve-month periods ended June 1, 2025 and June 1, 2026. The maximum amount of the contingent consideration payment is \$6,500,000 (\$3,250,000 for each of the measurement periods) if certain EBITDA results are met and the minimum payment is \$0.

The primary factor that most significantly contributed to a purchase price allocation resulting in the recognition of goodwill was the ability to grow the number of agents under the United brand name in the Washington, D.C. market.

During the year ended December 31, 2023, PSR completed its valuation of its 50% interest in PSR Title, which was valued at \$2,080,000.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(3) Acquisitions (continued)

Subsequent to the PSR acquisition, the Company purchased 70% of the membership interests of Rayson on December 1, 2022. The following table summarizes the consideration transferred and the fair value of the assets and liabilities acquired at the date of acquisition:

Fair value of total consideration transferred:

Cash consideration paid	\$ 2,420,284
Fair value of non-controlling interest	1,368,000
Contingent consideration	46,000
Total consideration transferred	<u>\$ 3,834,284</u>

Recognized fair value amounts of identifiable assets acquired and liabilities assumed:

Cash	\$ 311,894
Right-of-use assets	746,898
Trademark	95,000
Goodwill	3,459,000
Accounts payable	(31,610)
Operating lease liabilities	(746,898)
Fair value of assets acquired and liabilities assumed	<u>\$ 3,834,284</u>

The contingent consideration is based on certain EBITDA results for the trailing twelve-month periods ended September 30, 2023, September 30, 2024, and September 30, 2025. The maximum amount of the contingent consideration payment is \$1,680,000 if certain EDITDA results are met and the minimum payment is \$0. There was no contingent consideration payment made for the trailing twelve-month period ended September 30, 2023.

The primary factor that most significantly contributed to a purchase price allocation resulting in the recognition of goodwill was the ability to grow the number of agents under the United brand name in the Florida market.

(4) Consolidated variable interest entities

Management determined Five D is the primary beneficiary of the United Entities, CRR, CRRA, and Leading Edge as Five D has the power to direct the activities that most significantly impact the economic performance of the entities, the obligation to absorb losses and the right to receive benefits of the entities that could be significant to the entities. Income and losses are allocated to the partners in accordance with the operating agreements.

The assets and liabilities of the United Entities, CRR, CRRA, and Leading Edge have been presented in the aggregate, as their business purpose and operations are similar.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(4) Consolidated variable interest entities (continued)

The following table summarizes the carrying amount of the assets and liabilities of the United Entities, CRR, CRRA, and Leading Edge included in the Company's consolidated balance sheets, before intercompany eliminations, as of December 31, 2023 and 2022:

	December 31,	
	2023	2022
Cash	\$ 804,453	\$ 440,397
Notes and accounts receivable, net	208,467	26,182
Prepaid expenses and other current assets	95,858	57,182
Property and equipment, net	234,471	71,700
Other assets	87,262	68,825
Operating lease right-of-use assets, net	3,892,598	4,759,153
Intangible assets, net	7,494,860	8,373,292
Total assets	<u>\$ 12,817,969</u>	<u>\$ 13,796,731</u>
Accounts payable	\$ 244,899	\$ 329,536
Other accrued liabilities	142,012	102,073
Intercompany payables	4,975,632	4,299,360
Operating lease liabilities	4,131,481	4,792,876
Total liabilities	<u>\$ 9,494,024</u>	<u>\$ 9,523,845</u>

(5) Property and equipment, net

Property and equipment consisted of the following as of December 31, 2023 and 2022:

	December 31,	
	2023	2022
Cost		
Leasehold improvements	\$ 1,905,800	\$ 735,117
Furniture and office equipment	1,578,632	1,607,783
Vehicles	72,114	72,114
Total cost	<u>3,556,546</u>	<u>2,415,014</u>
Accumulated depreciation and amortization	<u>(1,411,268)</u>	<u>(1,320,778)</u>
Net property and equipment	<u>\$ 2,145,278</u>	<u>\$ 1,094,236</u>

Depreciation and amortization for the years ended December 31, 2023 and 2022 was \$295,866 and \$344,595, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(6) Forgivable note receivable

During 2016, the Company issued a \$300,000 forgivable note receivable to a franchisee. Under the terms of the agreement, the note balance will be forgiven in equal annual installments on the anniversary date over the ten year note period, until the note balance is completely forgiven. In order for each annual installment to be forgiven, the franchisee must remain in good standing under its franchise agreement with the Company, as defined in the agreement. If the franchisee is not in good standing, the Company will evaluate the asset for collectability. The balance of the forgivable note receivable as of December 31, 2023 and 2022 was \$90,000 and \$120,000, respectively.

(7) Intangible assets, net

Intangible assets consisted of the following as of December 31, 2023 and 2022:

	December 31,	
	2023	2022
Indefinite lived intangible assets		
Trademarks	\$ 8,216,000	\$ 8,216,000
Finite lived intangible assets		
Goodwill	67,225,695	68,872,171
Less: accumulated amortization	19,050,977	12,437,203
Goodwill, net	48,174,718	56,434,968
Software	2,354,983	2,352,874
Less: accumulated amortization	2,119,908	2,006,740
Software, net	235,075	346,134
Software (under development)	369,246	-
Total finite lived intangible assets	48,779,039	56,781,102
Total intangible assets, net	\$ 56,995,039	\$ 64,997,102

Amortization expense for the years ended December 31, 2023 and 2022 was \$6,726,942 and \$5,987,315, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations.

The estimated aggregate amortization expense for the finite lived intangible assets for each of the next five years is as follows:

<u>Years Ending December 31,</u>	
2024	\$ 6,957,617
2025	6,589,235
2026	6,333,206
2027	6,333,206
2028	6,333,206
	\$ 32,546,470

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(7) Intangible assets, net (continued)

The following table presents changes to goodwill:

	December 31,	
	2023	2022
Goodwill, beginning of year	\$ 68,872,171	\$ 49,984,179
Acquisitions (see Note 3)	403,000	18,983,675
Provisional true-up	2,049,476	(95,683)
Goodwill, end of year	\$ 71,324,647	\$ 68,872,171

(8) Long-term debt

Long-term debt is comprised of the following as of December 31, 2023 and 2022:

	December 31, 2023		
	Unamortized Debt Issuance		
	Principal	Costs	Net
Line of credit	\$ 627,384	\$ 40,929	\$ 586,455
Term loan	2,343,750	20,465	2,323,285
Delayed draw term loan	21,687,500	196,910	21,490,590
Less:			
Current portion of long-term debt	(1,497,500)	(80,112)	(1,417,388)
Long-term debt, net of current portion	\$ 23,161,134	\$ 178,192	\$ 22,982,942

	December 31, 2022		
	Unamortized Debt Issuance		
	Principal	Costs	Net
Line of credit	\$ 232,000	\$ 53,854	\$ 178,146
Term loan	2,450,336	26,927	2,423,409
Delayed draw term loan	18,300,000	252,213	18,047,787
Less:			
Current portion of long-term debt	(452,500)	(80,112)	(372,388)
Long-term debt, net of current portion	\$ 20,529,836	\$ 252,882	\$ 20,276,954

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(8) Long-term debt (continued)

Maturities of long-term debt are as follows:

<u>Years Ending December 31:</u>	Unamortized Debt Issuance		Net
	Principal	Costs	
2024	\$ 1,497,500	\$ (80,112)	\$ 1,417,388
2025	5,661,875	(80,112)	5,581,763
2026	2,064,375	(80,112)	1,984,263
2027	15,434,884	(17,968)	15,416,916
Total	<u>\$ 24,658,634</u>	<u>\$ (258,304)</u>	<u>\$ 24,400,330</u>

The Company entered into a new credit facility with Fifth Third Bank in March 2022 and used a portion of the proceeds to repay the full amount of the outstanding note payable. The credit facility is collateralized by substantially all assets of the Company and guaranteed by the parent of the Company and certain subsidiaries of the Company and is subject to various restrictive covenants. The credit facility matures on March 16, 2027 or, if the Holdings Class E redemption date (see Note 13) is not extended to at least September 13, 2027, the credit facility matures on June 6, 2025. The terms of the new credit facility are as follows:

- Line of credit - Maximum borrowings up to \$5,000,000 bearing interest at the greater of (i) the Prime Rate, (ii) the Federal Funds Rate plus .50%; or (iii) the secured overnight financing rate plus 1.00%. The interest rate was 8.89% as of December 31, 2023. All principal and accrued interest is due upon maturity.
- Term loan - Totaling \$2,500,000 bearing interest at the greater of (i) the Prime Rate; (ii) the Federal Funds Rate plus .50%; or (iii) the secured overnight financing rate plus 1.00%. The interest rate was 8.72% as of December 31, 2023. The loan is payable in quarterly principal payments ranging from \$15,625 to \$62,500 which began in June 2022 with a final balloon payment to be made upon maturity.
- Delayed draw term loan - Totaling \$12,500,000 of capacity initially, and subsequently amended during the year ended December 31, 2022 to \$22,500,000 of capacity, bearing interest at the greater of (i) the Prime Rate; (ii) the Federal Funds Rate plus .50%; or (iii) the secured overnight financing rate plus 1.00%. The interest rate was 8.89% as of December 31, 2023. The delayed draw term loan is available for a period of 18 months from the date of closing of the agreement. The loan is payable in quarterly principal payments equal to a percentage of the outstanding balance, as defined in the agreement, which began in March 2023.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(9) Leases

The Company leases office space and equipment under operating and finance leases expiring from 2024 through 2044. The components of lease cost for the years ended December 31, 2023 and 2022 were as follows:

	Years Ended December 31,	
	2023	2022
Operating lease cost (cost resulting from lease payments)	\$ 4,481,568	\$ 3,758,750
Variable lease cost	610,385	392,891
Finance lease cost		
Interest	25,617	33,276
Amortization	98,490	101,616
Total lease cost	\$ 5,216,060	\$ 4,286,533

Other information related to leases was as follows:

Supplemental cash flows Information:

Operating cash flows from operating leases	\$ 4,214,716	\$ 3,577,860
Finance cash flows from finance leases	\$ 100,994	\$ 98,782
Operating cash flows from finance leases	\$ 25,617	\$ 33,276

Operating cash flows

Weighted-average remaining lease term (in years):

Finance leases	2.75 Years	3.43 Years
Operating leases	9.27 Years	9.29 Years

Weighted-average discount rate:

Finance leases	9.73%	10.24%
Operating leases	2.66%	2.46%

Future minimum lease payments under non-cancelable operating and finance leases as of December 31, 2023 are as follows:

<u>Years Ending December 31,</u>	Operating		
	Finance	Related Party	Non-Related Party
2024	\$ 84,637	\$ 243,002	\$ 3,032,030
2025	66,492	247,862	2,928,023
2026	47,543	252,819	2,376,344
2027	47,942	42,274	2,199,413
2028	-	-	1,780,800
Thereafter	-	-	8,429,440
Less: imputed interest	(28,626)	(15,245)	(3,005,486)
Total	\$ 217,988	\$ 770,712	\$ 17,740,564

Lease expense for the years ended December 31, 2023 and 2022 was \$5,087,246 and \$4,509,864, respectively.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(10) Commitments and contingencies

Legal Matters

From time to time the Company is involved in litigation, claims and other proceedings arising in the ordinary course of business, some of which may be covered in whole or in part by insurance. Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable resolutions could occur. The following legal matters for which we cannot make an estimate of the possible loss or range of losses are not covered by insurance and warrant disclosure as of the date the December 31, 2023 consolidated financial statements were available to be issued:

Gibson, et al. v. National Association of Realtors, et al.; Western District of Missouri; case No. 4:23-cv-00788. On October 31, 2023, Plaintiffs filed a putative class action against National Association of Realtors, United Real Estate (the dba for Five D I, LLC hereinafter “United”), and a number of other real estate brokerages on behalf of a proposed nationwide class of home sellers, alleging a single count of violation of Section 1 of the Sherman Act. In the Complaint, Plaintiffs allege that Holdings and the other real estate brokers conspired with the National Association of Realtors and engaged in anticompetitive behavior. On March 4, 2024, Plaintiffs filed an Amended Complaint, and on April 19, 2024, Plaintiffs moved to consolidate this case with the case described below. United intends to vigorously contest the allegations and raise all appropriate defenses.

Umpa v. National Association of Realtors, et al.; Western District of Missouri; Case No. 4:23-cv-00945. On December 27, 2023, Plaintiff filed a putative class action against National Association of Realtors, United and a number of other real estate brokerages on behalf of a proposed nationwide class of home sellers, alleging a single count of violation of Section 1 of the Sherman Act. In the Complaint, Plaintiff alleges that United and the other real estate brokers conspired to the National Association of Realtors and engaged in anticompetitive behavior. On April 19, 2024, Plaintiffs moved to consolidate this case with the case described above. United intends to vigorously contest the allegations and raise all appropriate defenses.

Batton, et al. v. Compass, Inc., et al.; Northern District of Illinois; case No. 1 :23-cv-15618. On November 2, 2023, Plaintiffs filed a putative class action against United Real Estate Group (the dba for United Real Estate Holdings, LLC, the parent company of United, hereinafter “Holdings”), and a handful of other real estate brokerages on behalf of a proposed nationwide class of home buyers. In the Complaint, Plaintiffs allege that Holdings and the other real estate brokers conspired with the National Association of Realtors and engaged in anticompetitive behavior. The Complaint contains four counts: 1) violation of Section 1 of the Sherman Act (seeking injunctive relief only); 2) violation of various state antitrust statutes; 3) violation of various state consumer protection statutes; and 4) unjust enrichment. On April 15, 2024, Holdings joined a joint group motion to dismiss the complaint for failure to state a claim; it also filed its own motion to dismiss, arguing that it was not subject to the court’s jurisdiction. Holdings intends to vigorously contest the allegations and raise all appropriate defenses.

Parker Holding Group Inc. v. Florida Association of Realtors, et al.; Florida State Court for Miami Dade County; Case No. 2023-027749-CA-01. On December 4, 2023, Plaintiff filed a putative class action against Charles Rutenberg Realty – Orlando, LLC (hereinafter, “CRR”), a franchisee of United, and a handful of other Florida-based real estate brokerages on behalf of a proposed class of home sellers in Florida. In the Complaint, Plaintiffs allege that CRR, a franchisee of United, and the other real estate brokers conspired with the National Association of Realtors and local associations of realtors and engaged in anticompetitive behavior. The Complaint contains two counts: 1) violation of the Florida Antitrust Act; and 2) violation of the Florida Deceptive and Unfair Trade Practices Act. On March 13, 2024, CRR and a franchisee of United joined a joint group motion to dismiss the complaint for failure to state a claim; they also filed their own motion to dismiss. Holdings intends to vigorously contest the allegations and raise all appropriate defenses.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(10) **Commitments and contingencies (continued)**

1925 Hooper LLC, et al. v. Watson Realty Corp, et al.; Middle District of Florida; Case No. 3:24-cv-00374. On April 18, 2024, Plaintiff filed a putative class action against CRR, a franchisee of United, and a handful of other real estate brokerages on behalf of a proposed nationwide class of home sellers, alleging a single count of violation of Section 1 of the Sherman Act. In the Complaint, like in *Gibson* and *Umpa*, Plaintiffs allege that CRR, a franchisee of United and the other real estate brokers conspired with the National Association of Realtors and engaged in anticompetitive behavior. CRR and a franchisee of United have not been served, but both intend to vigorously context the allegations and raise all appropriate defenses.

Though we intend to vigorously defend ourselves as we believe the lawsuits are particularly without merit with respect to us, we cannot predict with certainty the cost of our defense, the cost of prosecution, or the ultimate outcome of the lawsuits and any others that might be filed in the future, including remedies or damage awards. Adverse results in such litigation might harm our business and financial condition. Moreover, defending these lawsuits, regardless of their merits, could result in substantial expense and require the time and attention of our key management personnel.

Bonus Plans

The Company has two bonus plans that pertain to senior management. Payments under each bonus plan are dependent on certain transactions and/or financial results of the Company, as more fully described in the respective agreements. As of December 31, 2023, none of the events described in the agreements had occurred, therefore no liability was recorded as of December 31, 2023.

Other Commitments

The Company entered into a licensing agreement with a third party during 2019. Under the terms of the agreement, the Company and third party granted mutual use of each party's trademarks in connection with the usual and customary business activities of each party. As part of the agreement, the Company has outstanding commitments owed to the third party that are not reflected in the accompanying consolidated financial statements of \$62,500 to be made in quarterly installments of \$62,500 ending in January 2024.

Subsequent to December 31, 2023, the Company entered into a new agreement with the same third party. Under the terms of the new agreement, the Company and third party granted mutual use of each party's trademarks in connection with the usual and customary business activities of each party. The Company's outstanding commitments owed to the third party as of April 30, 2024 total \$1,000,000, which are to be made in quarterly installments of \$50,000 ending in January 2029.

(11) **Retirement plan**

The Company has a 401(k) retirement and employee savings plan in which all full-time employees who have met the age and service requirements are eligible to participate. Eligible participants may contribute a portion of their compensation to the plan subject to maximum limitations of the Internal Revenue Code. United Country may also make discretionary contributions to the eligible participants at the end of the plan year. A participant's voluntary contributions and the employer contributions vest immediately. There were \$172,999 and \$53,842 employer contributions to the plan during the years ended December 31, 2023 and 2022, respectively.

(12) **Significant risks, uncertainties, and concentrations**

The Company's operations are heavily dependent on the real estate and housing market. If the real estate and housing market experiences negative trends the impact on operations of the Company could be severe.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(13) Holdings equity and member incentive units

Class B Units - Holdings, the ultimate parent company of the Company, has issued certain senior executives of the Company Class B Units. As defined in the Second Amended and Restated Limited Liability Company Agreement of United Real Estate Holdings, LLC, the Class B Units have only a "profits interest", have no voting power and are subject to a participation threshold of \$28,255,000. In the event of a sale or other liquidation event, the consideration received by Holdings must be in excess of \$28,255,000 before Class B unit holders have the ability to share in the proceeds of the sale. No additional Class B Units are allowed to be issued. Management has determined the achievement of the performance and market condition vesting criteria of these units is not probable as of December 31, 2023. Therefore, the Company has not recognized any compensation expense related to these units. There were 1,736,117 Class B Units outstanding as of both December 31, 2023 and 2022.

Class E and Warrant Units – Holdings has issued certain investors Class E Units and Warrant Units. The Class E and Warrant Units have no voting power and are not subject to a participation threshold. There were 33,000,000 Class E Units outstanding as of December 31, 2023 and 2022. There were 7,264,929 Warrant Units outstanding as of December 31, 2023 and 2022.

Holdings was permitted to redeem all, but not less than all, of the Class E Units on or prior to December 4, 2023 at an amount equal to their total stated value of \$33,000,000. This redemption did not occur on or prior to December 4, 2023. As a result, the Class E Units became mandatorily redeemable in the event of a change in control or other qualified event as defined by the agreement, or on December 4, 2025. Each outstanding Class E Unit bears a cumulative cash return of 12% per annum. Cumulative returns for Class E Units totaled \$5,265,197 as of December 31, 2023.

Upon the redemption of any Class E Units, the holders of the Warrant Units shall have the right to require the Company to purchase a pro rata portion of the Warrant Units at a cash price equal to the fair market value of the Warrant Units as determined on the date the notice is given.

Management has determined the achievement of the performance and market vesting criteria of these units is not probable as of December 31, 2023. Therefore, the Company has not recognized any compensation expense related to these units.

Class F Units - Holdings has issued Class F Units to the majority owner of Holdings. The Class F Units have no voting power and are not subject to a participation threshold. There were 5,125,139 Class F Units outstanding as of December 31, 2023 and 2022. Each outstanding Class F Unit bears a cumulative cash return of 12% per annum. Cumulative returns for Class F Units totaled \$2,286,164 as of December 31, 2023.

On June 30, 2020, the Company adopted the United Real Estate Holdings, LLC Executive Incentive Plan (the "Plan"). Under the Plan, a total of 1,000 base plan awards and 1,000 extraordinary plan awards may be awarded to key service providers of the Company. The base plan awards enable recipients to receive up to 10% of the proceeds to members in a sale event above an equity value threshold, set at \$16,500,000 at the time of Plan adoption. The extraordinary plan awards enable recipients to receive up to 15% of the proceeds to members in a sale event above an equity value threshold, set at \$31,500,000 at the time of Plan adoption.

Each award is subject to certain time and performance condition vesting criteria. Unvested awards of the Plan are forfeited upon termination of employment and can be reissued at the Company's discretion. Management has determined the achievement of the performance condition vesting criteria of the Plan awards is not probable as of December 31, 2023. Therefore, the Company has not recognized a liability or any compensation expense related to the Plan awards. There were 425 base plan awards vested as of December 31, 2023 and 0 base plan awards vested as of December 31, 2022. There were 425 extraordinary plan awards vested as of December 31, 2023 and 0 extraordinary plan awards vested as of December 31, 2022.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(14) Cash flow disclosures

	Years Ended December 31,	
	2023	2022
Cash paid for:		
Interest	\$ 2,188,600	\$ 684,200
Non-cash investing activities and financing activities:		
Purchase of equipment under finance leases	\$ -	\$ 169,950
Fair value of contingent consideration issued in acquisitions, net	\$ 25,000	\$ 191,000
Fair value of equity consideration issued in acquisition	\$ 128,000	\$ 191,000
Fair value of non-controlling interests associated with acquisitions	\$ -	\$ 6,056,000
Acquisition of operating lease right-of-use assets and related operating lease liabilities	\$ 112,862	\$ 5,180,431
ASC 842 adoption date value of operating lease right-of-use assets and related operating lease liabilities	\$ -	\$ 13,952,169
Contingent consideration payments paid by Holdings on behalf of the Company	\$ 7,255,359	\$ -
Adjustment to provisional goodwill	\$ 2,049,476	\$ -

(15) Subsequent events

The Company has evaluated subsequent events through April 30, 2024, which is the date that the consolidated financial statements were available to be issued. With the exception of the matters discussed in footnote 10, there have been no other significant matters identified for disclosure during this evaluation.

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FIVE D I, LLC AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021





INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management

FIVE D I, LLC AND SUBSIDIARIES

Opinion

We have audited the consolidated financial statements of Five D I, LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, changes in member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Five D I, LLC and Subsidiaries as of December 31, 2022 and 2021, and the results of their operations and their 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our 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.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective January 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated 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 for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

Mayer Hoffman McCann P.C.

Kansas City, Missouri
April 30, 2023

FIVE D I, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (a)	\$ 9,802,852	\$ 7,196,229
Notes and accounts receivable, net (a)	3,190,925	1,604,191
Accounts receivable, related parties	417,672	599,760
Current portion of deferred commissions	349,875	303,840
Prepaid expenses and other current assets (a)	739,405	814,530
TOTAL CURRENT ASSETS	14,500,729	10,518,550
PROPERTY AND EQUIPMENT, net (a)	1,094,236	1,067,290
OPERATING LEASE RIGHT-OF-USE ASSETS, net	18,195,368	-
OTHER ASSETS (a)	515,927	446,532
FORGIVABLE NOTE RECEIVABLE	120,000	150,000
DEFERRED COMMISSIONS, net of current portion above	888,478	929,379
INTANGIBLE ASSETS, net (a)	64,997,102	51,497,559
TOTAL ASSETS	\$ 100,311,840	\$ 64,609,310
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable (a)	\$ 2,492,235	\$ 1,420,093
Accounts payable, parent	383,975	595,395
Other accrued liabilities (a)	3,146,763	2,628,407
Unearned revenue	422,975	493,218
Current portion of deferred franchise fees	582,842	461,344
Current portion of finance lease liabilities	100,994	-
Current portion of operating lease liabilities	3,525,375	85,722
Current portion of long-term debt	372,388	4,166,278
TOTAL CURRENT LIABILITIES	11,027,547	9,850,457
FINANCE LEASE LIABILITIES, net of current portion	258,727	-
OPERATING LEASE LIABILITIES, net of current portion	15,032,711	216,018
LONG-TERM DEBT, net of current portion above	20,276,954	-
OTHER LIABILITIES (a)	-	252,554
CONTINGENT CONSIDERATION, net	7,446,359	7,726,000
DEFERRED FRANCHISE FEES, net of current portion above	1,482,121	1,768,594
TOTAL LIABILITIES	55,524,419	19,813,623
<u>MEMBER'S EQUITY</u>		
MEMBER'S EQUITY OF FIVE D I, LLC	33,458,869	38,279,202
NON-CONTROLLING INTERESTS	11,328,552	6,516,485
TOTAL EQUITY	44,787,421	44,795,687
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 100,311,840	\$ 64,609,310

(a) Consolidated assets as of December 31, 2022 and 2021 include total assets of \$13,796,731 and \$10,454,916, respectively, of certain variable interest entities (VIE's) that can only be used to settle the liabilities of those VIE's. Consolidated liabilities as of December 31, 2022 and 2021 include liabilities of \$9,523,845 and \$4,503,447, respectively, of certain VIE's for which the VIE's creditors do not have recourse to Five D I, LLC. See Note 4.

See Notes to Consolidated Financial Statements

FIVE D I, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31, 2022 and 2021

	2022	2021
NET REVENUES		
Commissions	\$ 454,164,979	\$ 330,740,461
Royalties on franchisee transactions	14,944,171	15,479,667
Other product and service fees from franchisees	6,426,750	5,806,616
Transaction and other fees	33,369,791	24,770,602
Initial franchise fees and renewals	860,149	748,726
GROSS REVENUES	509,765,840	377,546,072
FEES PAID TO AGENTS	454,164,979	330,740,461
NET REVENUES	55,600,861	46,805,611
 OPERATING EXPENSES		
Selling, general and administrative expenses	50,294,118	35,628,274
Change in fair value of contingent consideration	1,444,359	3,523,000
TOTAL OPERATING EXPENSES	51,738,477	39,151,274
INCOME FROM OPERATIONS	3,862,384	7,654,337
 OTHER INCOME (EXPENSE)		
Interest expense	(727,330)	(243,930)
Other income	422,692	79,935
TOTAL OTHER EXPENSE	(304,638)	(163,995)
 NET INCOME	3,557,746	7,490,342
NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(440,533)	(297,172)
NET INCOME ATTRIBUTABLE TO FIVE D I, LLC	\$ 3,998,279	\$ 7,787,514

See Notes to Consolidated Financial Statements

FIVE D I, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY

Years Ended December 31, 2022 and 2021

	<u>Member's Equity of Five D I, LLC</u>	<u>Non- controlling Interests</u>	<u>Total Equity</u>
Balance, January 1, 2021	\$ 19,602,506	\$ (832,343)	\$ 18,770,163
Member contributions	17,411,949	-	17,411,949
CRR and CRRA acquisition	-	4,822,000	4,822,000
Platinum Realty acquisition	-	2,414,000	2,414,000
Leading Edge acquisition	-	640,000	640,000
Member distributions	(6,522,767)	(230,000)	(6,752,767)
Net income (loss)	<u>7,787,514</u>	<u>(297,172)</u>	<u>7,490,342</u>
Balance, December 31, 2021	38,279,202	6,516,485	44,795,687
Member contributions	14,770,000	-	14,770,000
PSR acquisition	-	4,688,000	4,688,000
Rayson acquisition	-	1,368,000	1,368,000
Member distributions	(23,588,612)	(803,400)	(24,392,012)
Net income (loss)	<u>3,998,279</u>	<u>(440,533)</u>	<u>3,557,746</u>
Balance, December 31, 2022	<u>\$ 33,458,869</u>	<u>\$ 11,328,552</u>	<u>\$ 44,787,421</u>

See Notes to Consolidated Financial Statements

FIVE D I, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 3,557,746	\$ 7,490,342
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	6,331,910	3,610,985
Amortization of deferred financing costs	43,083	-
Allowance for doubtful accounts	(32,123)	(240,708)
Amortization of forgivable note receivable	30,000	30,000
Amortization of right-of-use asset	3,514,306	-
Change in fair value of contingent consideration	1,444,359	3,523,000
Gain on equity method investment	(714,008)	-
Change in operating assets:		
Notes and accounts receivable	(111,017)	221,809
Related party receivables	182,088	(599,760)
Prepaid expenses and other current assets	103,161	(432,676)
Other assets	675,137	61,608
Deferred commissions	(5,134)	24,949
Change in operating liabilities:		
Accounts payable	989,235	(837,281)
Accounts payable, parent	(211,420)	(3,586,917)
Other accrued liabilities	(539,164)	(45,536)
Unearned revenue	(70,243)	273,100
Deferred franchise fees	(164,975)	(152,631)
Operating lease liabilities	(3,334,836)	-
Other long-term liabilities	(252,554)	(120,956)
NET CASH FLOWS FROM OPERATING ACTIVITIES	11,435,551	9,219,328
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(201,591)	(221,090)
Development of internal use software	(192,001)	(179,842)
Acquisitions, net of cash acquired	(13,305,154)	(16,254,196)
Adjustment to provisional goodwill	78,818	258,000
NET CASH FLOWS FROM INVESTING ACTIVITIES	(13,619,928)	(16,397,128)
CASH FLOWS FROM FINANCING ACTIVITIES		
Member contributions	14,770,000	17,411,949
Net borrowings on line-of-credit	236,646	-
Proceeds from long-term debt	20,416,488	-
Repayment of long-term debt	(4,213,153)	(303,797)
Payment of contingent consideration	(1,915,000)	(1,264,000)
Member distributions	(24,392,012)	(6,752,767)
Payments on finance lease obligations	(111,969)	(46,349)
NET CASH FLOWS FROM FINANCING ACTIVITIES	4,791,000	9,045,036
NET CHANGE IN CASH	2,606,623	1,867,236
CASH, BEGINNING OF YEAR	7,196,229	5,328,993
CASH, END OF YEAR	\$ 9,802,852	\$ 7,196,229

See Notes to Consolidated Financial Statements

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Organization and description of business

Five D I, LLC (“Five D”) is a Delaware limited liability company headquartered in Kansas City, Missouri. Five D was formed on April 8, 2015 and is the sole member of United Country Real Estate, LLC (“UCRE”). Five D I, LLC began operations on June 1, 2015.

UCRE is a national franchise system specializing in residential, farm, ranch, commercial and recreational properties for sale throughout the small towns and cities of rural America. With a heritage dating back to 1925, UCRE has 456 franchised offices from coast-to-coast. All real estate operations are conducted by independently owned and operated franchisees, which primarily provide brokerage and/or auction services.

Five D also conducts business in urban America as a franchisor under the trade name United. With a unique and disruptive business model, United is the only national franchise company that provides 100 percent commission to agents combined with a full suite of state-of-the-art technology and marketing tools. Additionally, unlike competing franchise systems, United follows the “protected territory” model, only allowing one franchise per market.

Five D owns fifty percent of the following limited liability companies (collectively, the “United Entities”). These entities provide fully integrated real estate and auction services in the metropolitan markets that they serve.

- United Real Estate – Chicago, LLC
- United Real Estate – Houston, LLC
- United Real Estate – Philadelphia, LLC
- United Real Estate – Washington D.C., LLC

During 2022, Five D acquired 75% of the member units of Pearson Smith Realty, LLC (“Pearson Smith Realty”) and 70% of the member units of Rayson Partners, LLC as further described in Note 3. Pearson Smith Realty’s 50% investment in PSR Title, LLC (“PSR Title”) is accounted for by the equity method.

During 2021, Five D acquired 100% of the member units of Quick-Close Properties, LLC, 80% of the member units of Platinum Realty, LLC, 55% of the member units of Leading Edge Realty, LLC, and 50% of the member units of Charles Rutenberg Realty – Orlando, LLC and Charles Rutenberg Realty Associates – Orlando, LLC as further described in Note 3.

(2) Summary of significant accounting policies

Principles of consolidation - The accompanying consolidated financial statements include the accounts of Five D and its wholly-owned subsidiaries UCRE, United Real Estate – Dallas (“URE Dallas”), United Real Estate Fort Lauderdale, LLC, United Real Estate Fort Lauderdale Associates, LLC, Benchmark Realty, LLC, Virtual Properties Realty, LLC, and Quick-Close Properties, LLC. The consolidated financial statements also include the accounts of Strategic Client Services, LLC (“SCS”), a wholly-owned subsidiary of UCRE, the United Entities, Platinum Realty, LLC, Leading Edge Realty, LLC (“Leading Edge”), Charles Rutenberg Realty – Orlando, LLC (“CRR”), Charles Rutenberg Realty Associates – Orlando, LLC (“CRRRA”), Pearson Smith Realty, LLC (“PSR”), and Rayson Partners, LLC (“Rayson”). Collectively, these entities are referred to herein as “the Company”. Management determined that the United Entities, CRR, and CRRRA, and Leading Edge are variable interest entities (“VIEs”) as further discussed in Note 4. In accordance with the guidance of Accounting Standards Codification (“ASC”) 810, *Consolidation*, issued by the Financial Accounting Standards Board (“FASB”), Five D has been determined to be the primary beneficiary of these entities. All significant intercompany balances and transactions have been eliminated in consolidation.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Use of estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The most significant of these estimates relates to the fair value of goodwill and other intangible assets, the fair value of assets acquired and liabilities assumed, and the fair value of contingent consideration. The Company based its estimates on historical experience, market conditions, anticipated future operating results and various other assumptions that were believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Revenue recognition - Substantially all of the Company's revenues are from franchise agreements with franchisees. The Company's revenues consist primarily of royalties on real estate transactions of the Company's franchisees, ongoing service and transaction fees from franchisees, and initial franchise and renewal fees. The Company's franchise agreements offer franchisees benefits such as common use and promotion of Company trademarks, marketing tools and training, access to technology, and other benefits. The Company concluded these benefits are highly related and represent a single performance obligation for each franchise agreement.

Royalties and transaction fees are payable to the Company by franchisees for brokered real estate transactions or auction services provided by the franchisees. Royalties for brokered real estate transactions are generally 1% of the sales price, not to exceed 20% of the gross commission earned by the franchisee; however, royalties for residential property transactions are limited to a maximum rate based on the franchisee's gross commission level. Royalties and transaction fees are recognized when the underlying real estate transaction occurs.

Initial franchise fees and renewal fees are recognized over time as the franchisee simultaneously receives and consumes the benefits provided by the use of the franchise license for the duration of the franchise term, which is generally 5-10 years. Renewal fees are received when franchisees choose to renew a franchise license for an additional term and are recognized ratably over the renewal term. Revenue recognized for the years ended December 31, 2022 and 2021 that was included in deferred franchise fees at the beginning of each year was \$559,738 and \$553,410, respectively.

Other fees, relating primarily to technology and marketing efforts, are recognized ratably over time based on the term of the initial franchise agreement or renewal.

Other revenues from franchisees consist primarily of fees for production of marketing pieces and sales of signs, and are recognized as revenue when the service has been performed or the product has been shipped.

Deferred commissions - The Company incurs commission costs related to obtaining a license agreement with a franchisee. Commissions are deferred and amortized on a straight-line basis over the term of the license agreement, which is generally 5-10 years.

Cash - The Company's cash includes cash on hand and demand deposits held by financial institutions. At times, the Company maintains deposits in financial institutions in excess of federally insured limits. As of December 31, 2022 and 2021, there was \$8,928,006 and \$5,666,500, respectively, held at financial institutions that exceeded federally insured limits. Management monitors the cash in excess of these limits and believes the risk of loss is negligible.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Notes and accounts receivable, net - The Company's customers are its franchisee real estate brokers located throughout the United States of America. Exposure to losses on receivables is principally dependent upon each franchisee's financial condition. The Company has no collateral requirements and provides allowances for anticipated losses based on the age of the receivables. The Company does not charge interest on past due receivables. An account is written off when it is determined that all collection efforts have been exhausted. As of December 31, 2022 and 2021, the Company's allowance for doubtful accounts was \$294,602 and \$326,725, respectively. The balance of notes receivable, included in notes and accounts receivable as of December 31, 2022 and 2021, totaled \$95,579 and \$143,072, respectively.

Accounts receivable, related parties - During the year ended December 31, 2021, the Company made advances totaling \$599,760 to certain members of its parent company, United Real Estate Holdings, LLC ("Holdings"). These receivables are unsecured, non-interest bearing, and have no stated maturity date. The balance of these receivables was \$295,149 and \$599,760 as of December 31, 2022 and 2021, respectively.

Property and equipment, net - Property and equipment is stated at cost. Major replacements and betterments are capitalized while maintenance and repair costs are charged to expense as incurred. Leasehold improvements are amortized over the related lease term or estimated useful lives of the improvements, whichever is shorter. Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Leasehold improvements	5 - 15 years
Furniture and office equipment	5 - 10 years
Vehicles	5 years

Equity method investment - Pearson Smith Realty's 50% investment in PSR Title is accounted for via the equity method whereby Pearson Smith Realty's share of PSR Title's net income or loss is reflected in the consolidated statements of income. The investment balance had a carrying value of \$30,524 as of December 31, 2022 and the operations resulted in a gain of \$714,008 that is reflected in other income in the consolidated statement of income for the year ended December 31, 2022. As further discussed in Note 3, the valuation of the 50% interest in PSR Title as of the date of acquisition of Pearson Smith Realty is provisional as of April 30, 2023.

Intangible assets, net - The Company amortizes goodwill on a straight-line basis over ten years. The Company tests goodwill for impairment at the reporting unit level when it is more likely than not the fair value of an entity may be below its carrying amount. If the Company assesses this likelihood to be greater than 50%, the fair value of net assets is computed to determine if the fair value exceeded the carrying value.

Trademarks are indefinite lived intangible assets carried at cost and are not amortized but are reviewed annually for impairment. Finite lived intangible assets consist of internally developed software costs and are amortized on a straight-line basis over three years.

Impairment of long-lived assets - The Company assesses the impairment of long-lived assets, which include property and equipment and finite lived intangible assets, whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future undiscounted cash flows expected to result from its use and eventual disposition. In cases where the estimated undiscounted cash flows are less than the carrying value, an impairment loss will be recognized if the carrying value exceeds the fair value of the asset.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Impairment of long-lived assets (continued) - For indefinite lived intangible assets, the impairment test consists of a comparison of the fair value of the intangible asset with its carrying amount. Fair value is an estimate of the price a willing buyer would pay for the intangible asset and is generally estimated by discounting the expected future cash flows associated with the intangible asset. No impairment was recorded for the years ended December 31, 2022 and 2021.

Accounts payable, parent - The Company, from time to time, transfers cash to Holdings. The payable is unsecured, non-interest bearing, and has no payment terms or maturity date.

Debt issuance costs - Debt issuance costs are capitalized and amortized to interest expense on a straight-line basis, which approximates the effective interest method, over the term of the underlying debt agreement. Total debt issuance costs as of December 31, 2022, were \$379,250. Unamortized debt issuance costs as of December 31, 2022, were \$332,994, and are presented net of debt.

Income taxes - The member of the Company has elected to be taxed as a partnership under the provisions of the Internal Revenue Code. Under these provisions, the Company does not pay corporate income taxes on its income, nor is it allowed a net operating loss carryforward or a carryback as a deduction. Instead, the member of the Company is liable for income taxes on the taxable income or loss of the Company.

The Company has adopted the standards requiring disclosure of uncertain income tax positions under FASB ASC 740, *Income Taxes*. The Company has not identified any income tax positions which are considered to be uncertain. The Company files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions. The Company is no longer subject to income tax examinations by federal, state, or local tax authorities for years before 2019.

Variable interest entities - The Company evaluates entities within the scope of the VIE consolidation model, as determined by FASB ASC 810, *Consolidation*, to determine if: (a) the Company has the right to receive benefits or the obligation to absorb losses that could potentially be significant to an entity, (b) whether an entity is a VIE, and (c) if the Company is the primary beneficiary of a VIE.

In determining whether the Company has the right to receive benefits or the obligation to absorb losses that could potentially be significant to the VIE, the Company evaluates all of their economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity's design, including: the entity's capital structure, contractual rights to earnings (losses), subordination of the Company's interests relative to those of other investors, contingent payments, as well as other contractual arrangements that have potential to be economically significant.

In determining whether an entity is a VIE, the Company evaluates if the entity has an insufficient amount of equity to carry out its principal activities without additional subordinated financial support, has a group of equity owners unable to make significant decisions about its activities, or has a group of equity owners who do not have the obligation to absorb losses or the right to receive returns generated by its operations.

In evaluating who is the primary beneficiary of a VIE, the Company considers who has the power to direct the activities most significant to the economic performance of the entity. The Company also considers the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and the Company's decision-making role, if any, in those activities that significantly determine the VIE's economic performance as compared to other economic interest holders.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Variable interest entities (continued) - The evaluation of an entity under the VIE consolidation model requires significant judgment and consideration of all facts and circumstances relevant to the Company's involvement in an entity, as well as an entity's performance, economics, decision-making and design. See Note 4 for further discussion.

Common control arrangements - The Company adopted Accounting Standards Update ("ASU") No. 2018-17, *Targeted Improvements to Related Party Guidance for Variable Interest Entities (Topic 810)*, which is the private company accounting alternative for entities under common control. Under the accounting alternative, the Company does not evaluate commonly controlled entities meeting certain criteria for consolidation under the variable interest entity model.

The Company and URE Philly Conveyance, LLC ("Philly Conveyance") and URE Philly Abstract ("Philly Abstract") are under common control. Philly Conveyance and Philly Abstract are not presented in the consolidated financial statements as they are wholly-owned subsidiaries of Holdings. The entities were created during 2018 by certain related parties of the Company to provide various services during real estate transactions.

The Company recognized revenues of \$120,261 and \$123,605 from these commonly controlled entities during the years ended December 31, 2022 and 2021, respectively. The Company had receivables due from commonly controlled entities of \$122,523 and \$83,246 as of December 31, 2022 and 2021, respectively, which are recorded in related party receivables on the consolidated balance sheet for the year ended December 31, 2022, and notes and accounts receivable, net, on the consolidated balance sheet for the year ended December 31, 2021.

Advertising - The Company expenses the production costs of advertising the first time the advertising takes place, except for catalogues, which are capitalized as prepaid expense and amortized as they are shipped to customers and franchise offices. Prepaid advertising included in prepaid expenses and other current assets as of December 31, 2022 and 2021 was \$156,914 and \$5,926, respectively. Advertising expense for the years ended December 31, 2022 and 2021 was \$1,535,273 and \$958,488, respectively.

Acquisitions - The Company accounts for acquisitions of businesses in accordance with FASB ASC Topic 805, *Business Combinations*. The Company allocates the purchase price based on the fair value of the identifiable tangible assets acquired and liabilities assumed. The Company determines the fair value of tangible assets using valuation techniques that consider comparable market transactions and other available information. As final information regarding the fair value of assets acquired and liabilities assumed is received and estimates are refined, appropriate adjustments are made no later than twelve months from the acquisition date. The Company determines the fair value of identified intangible assets using valuation techniques that consider comparable market transactions, weighted average cost of capital, discounted cash flows, and other available information. The Company allocates the purchase price based on the fair value of the identifiable tangible and intangible assets and liabilities. The difference between the total consideration paid and sum of the fair values of the acquired tangible and intangible assets less liabilities assumed is recorded as goodwill.

Adoption of new accounting standard - The Company implemented FASB ASC Topic 842, *Leases*, effective January 1, 2022 using the modified retrospective transition method. The Company recorded a right of use asset and related lease liability of \$14,332,562 and \$13,968,620, respectively, as of the adoption date.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(2) Summary of significant accounting policies (continued)

Adoption of new accounting standard (continued) - The Company elected the following practical expedients with respect to the adoption of ASC Topic 842:

- The Company did not reassess any expired or existing contracts as containing a lease or the lease classification.
- The Company did not reassess initial direct costs for any existing leases.
- The Company elected to use a risk-free discount rate for all classes of underlying assets.

Leases - The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities, net of current portion, and current portion of operating lease liabilities on the consolidated balance sheets.

Finance leases are presented in property and equipment, current portion of finance lease liabilities, and finance lease liabilities, net of current portion on the consolidated balance sheets.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the lease payments over the lease term at commencement date. As most of the leases do not provide an implicit rate, the Company uses the risk-free discount rate on the commencement date in determining the present value of lease payments. The operating lease ROU asset also includes initial direct costs incurred by the lessee and any lease payments made to the lessor before the commencement date, and excludes any lease incentives received.

The lease terms consist of the following: any noncancelable periods, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain to not exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

Going concern assessment - Management annually evaluates 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 from the date that the consolidated financial statements are available to be issued. The evaluation is based on relevant conditions and events that are known or reasonably knowable at the date that the consolidated financial statements are available to be issued. Management has performed this evaluation, considering projected financial performance and access to various sources of capital, and determined there are no 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 from the date the consolidated financial statements are available to be issued.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(3) Acquisitions

As described in Note 1, the Company purchased 75% of the membership interests of Pearson Smith Realty on June 22, 2022. The following table summarizes the consideration transferred and the fair value of the assets and liabilities acquired at the date of acquisition:

Fair value of total consideration transferred:

Cash consideration paid	\$ 12,283,927
Fair value of non-controlling interest	4,688,000
Contingent consideration	145,000
	\$ 17,116,927

Recognized fair value amounts of identifiable assets acquired and liabilities assumed:

Cash	\$ 1,186,879
Accounts receivable	1,343,878
Prepaid expenses and other current assets	28,036
Other assets	30,524
Right-of-use assets	1,830,175
Trademark	295,000
Goodwill	15,524,675
Accounts payable	(51,297)
Accrued expenses	(1,240,768)
Operating lease liabilities	(1,830,175)
	\$ 17,116,927

The contingent consideration is based on certain EBITDA results for the trailing twelve month periods ended June 1, 2025 and June 1, 2026. The maximum amount of the contingent consideration payment is \$6,500,000 (\$3,250,000 for each of the measurement periods) if certain EBITDA results are met and the minimum payment is \$0.

The primary factor that most significantly contributed to a purchase price allocation resulting in the recognition of goodwill was the ability to grow the number of agents under the United brand name in the Washington, D.C. market.

As of April 30, 2023, the acquisition accounting is provisional until the Company finalizes its valuation of Pearson Smith Realty's joint venture interest in PSR Title, LLC and the indemnification holdback amount.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(3) Acquisitions (continued)

Subsequent to the Pearson Smith Realty acquisition, the Company purchased 70% of the membership interests of Rayson Partners, LLC on December 1, 2022. The following table summarizes the consideration transferred and the fair value of the assets and liabilities acquired at the date of acquisition:

Fair value of total consideration transferred:

Cash consideration paid	\$ 2,520,000
Fair value of non-controlling interest	1,368,000
Provisional working capital adjustment	(99,716)
Contingent consideration	<u>46,000</u>
Total consideration transferred	<u>\$ 3,834,284</u>

Recognized fair value amounts of identifiable assets acquired and liabilities assumed:

Cash	\$ 311,894
Right-of-use assets	746,898
Trademark	95,000
Goodwill	3,459,000
Accounts payable	(31,610)
Operating lease liabilities	<u>(746,898)</u>
Fair value of assets acquired and liabilities assumed	<u>\$ 3,834,284</u>

The contingent consideration is based on certain EBITDA results for the trailing twelve month periods ended September 30, 2023, September 30, 2024, and September 30, 2025. The maximum amount of the contingent consideration payment is \$1,680,000 if certain EDITDA results are met and the minimum payment is \$0.

As of April 30, 2023, the acquisition accounting is provisional until the Company finalizes the provisional working capital adjustment.

The primary factor that most significantly contributed to a purchase price allocation resulting in the recognition of goodwill was the ability to grow the number of agents under the United brand name in the Florida market.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(3) Acquisitions (continued)

The Company purchased 100% of the membership interests of Quick-Close Properties, LLC (“Quick-Close”) on June 30, 2021. The following table summarizes the consolidation transferred and the fair value of the assets acquired at the date of acquisition:

Fair value of total consideration transferred:

Cash consideration paid	\$ 1,400,000
Fair value of contingent consideration	677,000
Working capital adjustment	<u>8,463</u>
Total consideration transferred	<u>\$ 2,085,463</u>

Recognized fair value amounts of identifiable assets acquired and liabilities assumed:

Cash	\$ 41,213
Trademark	25,000
Goodwill	<u>2,019,250</u>
Fair value of assets acquired	<u>\$ 2,085,463</u>

The contingent consideration was based on certain agent retention and production metrics for the trailing twelve month period ended December 31, 2021. The maximum amount of the contingent consideration payment was \$1,300,000 if certain agent metrics were met and the minimum payment was \$0. These milestones were achieved prior to December 31, 2021 and the Company paid \$1,264,000 in December 2021.

The primary factor that most significantly contributed to a purchase price allocation resulting in the recognition of goodwill was the ability to grow the number of agents under the United brand name in the Texas market.

Subsequent to the Quick-Close acquisition, the Company purchased 50% of the membership interests of CRR and CRRA on August 1, 2021. The following table summarizes the consideration transferred and the fair value of the assets acquired and liabilities assumed at the date of acquisition:

Fair value of total consideration transferred:

Cash consideration paid	\$ 2,250,000
Fair value of non-controlling interest	<u>4,822,000</u>
Total consideration transferred	<u>\$ 7,072,000</u>

Recognized fair value amounts of identifiable assets acquired and liabilities assumed:

Cash	\$ 139,963
Accounts receivable	4,001
Deposits	20,000
Trademark	90,000
Goodwill	6,858,306
Accounts payable	(15,470)
Other liability	<u>(24,800)</u>
Fair value of assets acquired and liabilities assumed	<u>\$ 7,072,000</u>

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(3) Acquisitions (continued)

The primary factor that most significantly contributed to a purchase price allocation resulting in the recognition of goodwill was the ability to grow the number of agents under the United brand name in the Florida market.

The Company has an option to purchase the remaining membership interests of CRR and CRRA for \$5,500,000 if the option is exercised prior to August 31, 2023. The Company may defer this option for an additional twelve month period if certain EBITDA metrics are not met for the trailing twelve month period ended July 30, 2023. In the event the option is not exercised by August 31, 2024, the Company forfeits the ownership of the previously acquired membership interests. As of December 31, 2022, the Company had not exercised this option.

Although the Company has a 50% membership interest in CRR and CRRA, the option to purchase the remaining membership interests as described above is in substance a kick-out right giving the Company control over these entities. Accordingly, the accounts of CRR and CRRA are included in the accompanying consolidated financial statements.

Subsequent to the acquisition of CRR and CRRA, the Company purchased 80% of the membership interests of Platinum Realty, LLC ("Platinum Realty"). The following table summarizes the consideration transferred and the fair value of the assets acquired and liabilities assumed at the date of acquisition:

Fair value of total consideration transferred:

Cash consideration paid	\$ 12,484,254
Fair value of non-controlling interest	2,414,000
Indemnification escrow payment	253,015
Working capital adjustment	18,042
Fair value of contingent consideration	<u>(449,000)</u>
Total consideration transferred	<u>\$ 14,720,311</u>

Recognized fair value amounts of identifiable assets acquired and liabilities assumed:

Cash	\$ 933,361
Accounts receivable	44,925
Prepaid expenses and other current assets	128,227
Furniture and fixtures	163,262
Deposits	60,161
Trademark	210,000
Goodwill	13,998,530
Accounts payable	(730,900)
Accrued expenses	(71,325)
Capital lease obligation	<u>(15,930)</u>
Fair value of assets acquired and liabilities assumed	<u>\$ 14,720,311</u>

The contingent consideration was based on certain EBITDA results for the 12 month period ended December 31, 2022. Subsequent to December 31, 2022, the Company paid the seller \$488,861.

The primary factor that most significantly contributed to a purchase price allocation resulting in the recognition of goodwill was the ability to grow the number of agents under the United brand name in the Midwestern market.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(3) Acquisitions (continued)

Subsequent to the Platinum Realty acquisition, the Company purchased 55% of the membership interests of Leading Edge on December 31, 2021. The following table summarizes the consideration transferred and the fair value of the assets acquired and liabilities assumed at the date of acquisition:

Fair value of total consideration transferred:

Cash consideration paid	\$ 1,006,217
Fair value of non-controlling interest	<u>640,000</u>
Total consideration transferred	<u>\$ 1,646,217</u>

Recognized fair value amounts of identifiable assets acquired and liabilities assumed:

Cash	\$ 51,258
Other current assets	14,887
Trademark	30,000
Goodwill	1,556,356
Accounts payable and accrued expenses	<u>(6,284)</u>
Fair value of assets acquired and liabilities assumed	<u>\$ 1,646,217</u>

The primary factor that most significantly contributed to a purchase price allocation resulting in the recognition of goodwill was the ability to grow the number of agents under the United brand name in the Alabama and Tennessee markets.

(4) Consolidated variable interest entities

Management determined Five D is the primary beneficiary of the United Entities, CRR, CRRA, and Leading Edge as Five D has the power to direct the activities that most significantly impact the economic performance of the entities, the obligation to absorb losses and the right to receive benefits of the entities that could be significant to the entities. Income and losses are allocated to the partners in accordance with the operating agreements.

The assets and liabilities of the United Entities, CRR, CRRA, and Leading Edge have been presented in the aggregate, as their business purpose and operations are similar.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(4) Consolidated variable interest entities (continued)

The following table summarizes the carrying amount of the assets and liabilities of the United Entities, CRR, CRRA, and Leading Edge included in the Company's consolidated balance sheets, before intercompany eliminations, as of December 31, 2022 and 2021:

	December 31,	
	2022	2021
Cash	\$ 440,397	\$ 638,205
Notes and accounts receivable, net	26,182	99,532
Prepaid expenses and other current assets	57,182	25,685
Property and equipment, net	71,700	14,063
Other assets	68,825	63,007
Operating lease right-of-use assets, net	4,759,153	-
Intangible assets, net	8,373,292	9,614,424
Total assets	\$ 13,796,731	\$ 10,454,916
Accounts payable	\$ 329,536	\$ 219,595
Other accrued liabilities	102,073	265,793
Intercompany payables	4,299,360	3,959,860
Operating lease liabilities	4,792,876	-
Other liabilities	-	58,199
Total liabilities	\$ 9,523,845	\$ 4,503,447

(5) Property and equipment, net

Property and equipment consisted of the following as of December 31, 2022 and 2021:

	December 31,	
	2022	2021
Cost		
Leasehold improvements	\$ 735,117	\$ 639,262
Furniture and office equipment	1,607,783	1,332,097
Vehicles	72,114	72,114
Total cost	2,415,014	2,043,473
Accumulated depreciation and amortization	(1,320,778)	(976,183)
Net property and equipment	\$ 1,094,236	\$ 1,067,290

Depreciation and amortization for the years ended December 31, 2022 and 2021 was \$344,595 and \$247,430, respectively, and is included in selling, general and administrative expenses in the consolidated statements of income.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(6) Forgivable note receivable

During 2016, the Company issued a \$300,000 forgivable note receivable to a franchisee. Under the terms of the agreement, the note balance will be forgiven in equal annual installments on the anniversary date over the ten year note period, until the note balance is completely forgiven. In order for each annual installment to be forgiven, the franchisee must remain in good standing under its franchise agreement with the Company, as defined in the agreement. If the franchisee is not in good standing, the Company will evaluate the asset for collectability. The balance of the forgivable note receivable as of December 31, 2022 and 2021 was \$120,000 and \$150,000, respectively.

(7) Intangible assets, net

Intangible assets consisted of the following as of December 31, 2022 and 2021:

	December 31,	
	2022	2021
Indefinite lived intangible assets		
Trademarks	\$ 8,216,000	\$ 7,826,000
Finite lived intangible assets		
Goodwill	68,872,171	49,984,179
Less: accumulated amortization	12,437,203	6,643,295
Goodwill, net	56,434,968	43,340,884
Software	2,352,874	2,021,192
Less: accumulated amortization	2,006,740	1,832,307
Software, net	346,134	188,885
Software (under development)	-	141,790
Total finite lived intangible assets	56,781,102	43,671,559
Total intangible assets, net	\$ 64,997,102	\$ 51,497,559

Amortization expense for the years ended December 31, 2022 and 2021 was \$5,987,315 and \$3,363,555, respectively, and is included in selling, general and administrative expenses in the consolidated statements of income.

The estimated aggregate amortization expense for the finite lived intangible assets for each of the next five years is as follows:

<u>Years Ending December 31,</u>	
2023	\$ 7,002,677
2024	6,957,617
2025	6,589,235
2026	6,333,206
2027	6,333,206
	\$ 33,215,941

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(7) Intangible assets, net (continued)

The following table presents changes to goodwill:

	December 31,	
	2022	2021
Goodwill, beginning of year	\$ 49,984,179	\$ 25,810,158
Acquisitions (see Note 3)	18,983,675	24,432,442
Provisional true-up	(95,683)	(258,421)
Goodwill, end of year	\$ 68,872,171	\$ 49,984,179

(8) Long-term debt

Long-term debt is comprised of the following:

	December 31, 2022		
	Principal	Unamortized Debt Issuance	
		Costs	Net
Line of credit	\$ 232,000	\$ 53,854	\$ 178,146
Term loan	2,450,336	26,927	2,423,409
Delayed draw term loan	18,300,000	252,213	18,047,787
Less:			
Current portion of long-term debt	(452,500)	(80,112)	(372,388)
Long-term debt, net of current portion	\$ 20,529,836	\$ 252,882	\$ 20,276,954

	December 31, 2021		
	Principal	Unamortized Debt Issuance	
		Costs	Net
Note payable	\$ 2,331,278	\$ -	\$ 2,331,278
Seller note payable	1,835,000	-	1,835,000
Less:			
Current portion of long-term debt	(4,166,278)	-	(4,166,278)
Long-term debt, net of current portion	\$ -	\$ -	\$ -

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(8) Long-term debt (continued)

Maturities of long-term debt are as follows:

<u>Years Ending December 31:</u>	<u>Principal</u>	<u>Unamortized Debt Issuance Costs</u>	<u>Net</u>
2023	\$ 452,500	\$ (80,112)	\$ 372,388
2024	1,497,500	(80,112)	1,417,388
2025	1,544,375	(80,112)	1,464,263
2026	2,064,375	(80,112)	1,984,263
2027	15,423,586	(12,546)	15,411,040
Total	<u>\$ 20,982,336</u>	<u>\$ (332,994)</u>	<u>\$ 20,649,342</u>

The Company entered into a new credit facility with Fifth Third Bank in March 2022 and used a portion of the proceeds to repay the full amount of the outstanding note payable. The credit facility is collateralized by substantially all assets of the Company and guaranteed by the parent of the Company and certain subsidiaries of the Company and is subject to various restrictive covenants. The credit facility matures on March 16, 2027 or, if the Holdings Class E redemption date (see Note 13) is not extended to at least September 13, 2027, the credit facility matures on June 6, 2025. The terms of the new credit facility are as follows:

- Line of credit - Maximum borrowings up to \$5,000,000 bearing interest at the greater of (i) the Prime Rate, (ii) the Federal Funds Rate plus .50%; or (iii) the secured overnight financing rate plus 1.00%. The interest rate was 8.01% as of December 31, 2022. All principal and interest is due upon maturity.
- Term loan - Totaling \$2,500,000 bearing interest at the greater of (i) the Prime Rate; (ii) the Federal Funds Rate plus .50%; or (iii) the secured overnight financing rate plus 1.00%. The interest rate was 7.69% as of December 31, 2022. The loan is payable in quarterly principal payments ranging from \$15,625 to \$62,500 beginning in June 2022 with a final balloon payment to be made upon maturity.
- Delayed draw term loan - Totaling \$12,500,000 of capacity initially, and subsequently amended during the year ended December 31, 2022 to \$22,500,000 of capacity, bearing interest at the greater of (i) the Prime Rate; (ii) the Federal Funds Rate plus .50%; or (iii) the secured overnight financing rate plus 1.00%. The interest rate was 8.01% as of December 31, 2022. The delayed draw term loan is available for a period of 18 months from the date of closing of the agreement. The loan is payable in quarterly principal payments equal to a percentage of the outstanding balance as defined in the agreement beginning in March 2023.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(9) Leases

The Company leases office space and equipment under operating and finance leases expiring from 2023 through 2037. The components of lease cost for the year ended December 31, 2022 were as follows:

Operating lease cost (cost resulting from lease payments)	\$ 3,758,750
Variable lease cost	392,891
Finance lease cost	
Interest	33,276
Amortization	<u>101,616</u>
Total lease cost	<u>\$ 4,286,533</u>

Other information related to leases was as follows:

Supplemental cash flows Information:

Operating cash flows from operating leases	\$ 3,577,860
Finance cash flows from finance leases	\$ 98,782
Operating cash flows from finance leases	\$ 33,276

Operating cash flows

Weighted-average remaining lease term (in years):

Finance leases	3.43 Years
Operating leases	9.29 Years

Weighted-average discount rate:

Finance leases	10.24%
Operating leases	2.46%

Future minimum lease payments under non-cancelable operating and finance leases as of December 31, 2022 are as follows:

<u>Years Ending December 31,</u>	<u>Operating</u>		
	<u>Finance</u>	<u>Related Party</u>	<u>Non-Related Party</u>
2023	\$ 138,640	\$ 238,237	\$ 3,680,932
2024	110,125	243,002	2,990,482
2025	87,631	247,862	2,267,291
2026	63,156	252,819	1,769,160
2027	20,838	42,275	1,532,941
Thereafter	-	-	8,190,165
Less: imputed interest	<u>(69,560)</u>	<u>(26,266)</u>	<u>(2,870,814)</u>
Total	<u>\$ 350,830</u>	<u>\$ 997,929</u>	<u>\$ 17,560,157</u>

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(9) Leases (continued)

Future minimum lease payments under non-cancelable operating and capital leases as of December 31, 2021 were as follows:

<u>Years Ending December 31.</u>	<u>Operating</u>		
	<u>Capital</u>	<u>Related Party</u>	<u>Non-Related Party</u>
2022	\$ 124,775	\$ 233,566	\$ 2,455,070
2023	104,493	238,237	1,537,709
2024	73,145	243,002	1,009,462
2025	43,925	247,862	637,182
2026	18,324	252,819	383,324
Thereafter	-	42,275	2,496,349
Less: imputed interest	(62,922)	N/A	N/A
Total	<u>\$ 301,740</u>	<u>\$ 1,257,761</u>	<u>\$ 8,519,096</u>

Lease expense for the years ended December 31, 2022 and 2021 was \$4,509,864 and \$3,095,462, respectively.

(10) Commitments and contingencies

Legal Matters

The Company is subject to various routine legal proceedings and other matters in the ordinary course of business, some of which may be covered in whole or in part by insurance. In management's opinion, none of these matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Bonus Plans

The Company has two bonus plans that pertain to senior management. Payments under each bonus plan are dependent on certain transactions and/or financial results of the Company, as more fully described in the respective agreements. As of December 31, 2022, none of the events described in the agreements had occurred, therefore no liability was recorded as of December 31, 2022.

Other Commitments

The Company entered into a licensing agreement with a third party during 2019. Under the terms of the agreement, the Company and third party granted mutual use of each party's trademarks in connection with the usual and customary business activities of each party. As part of the agreement, the Company has outstanding commitments owed to the third party that are not reflected in the accompanying consolidated financial statements of \$312,000 to be made in quarterly installments of \$62,500 ending in January 2024.

(11) Retirement plan

The Company has a 401(k) retirement and employee savings plan in which all full-time employees who have met the age and service requirements are eligible to participate. Eligible participants may contribute a portion of their compensation to the plan subject to maximum limitations of the Internal Revenue Code. United Country may also make discretionary contributions to eligible participants at the end of the plan year. A participant's voluntary contributions and the employer contributions vest immediately. There were \$53,842 and \$0 employer contributions to the plan during the years ended December 31, 2022 and 2021, respectively.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(12) **Significant risks, uncertainties, and concentrations**

The Company's operations are heavily dependent on the real estate and housing market. If the real estate and housing market experiences negative trends the impact on operations of the Company could be severe.

(13) **Holdings equity and member incentive units**

Class B Units - Holdings, the ultimate parent company of the Company, has issued certain senior executives of the Company Class B Units. As defined in the Second Amended and Restated Limited Liability Company Agreement of United Real Estate Holdings, LLC, the Class B Units have only a "profits interest", have no voting power and are subject to a participation threshold of \$28,255,000. In the event of a sale or other liquidation event, the consideration received by Holdings must be in excess of \$28,255,000 before Class B unit holders have the ability to share in the proceeds of the sale. No additional Class B Units are allowed to be issued. Management has determined the achievement of the performance and market condition vesting criteria of these units is not probable as of December 31, 2022. Therefore, the Company has not recognized any compensation expense related to these units. There were 1,736,117 Class B Units outstanding as of December 31, 2022 and 2021.

Class E and Warrant Units - Holdings has issued certain investors Class E Units and Warrant Units. The Class E and Warrant Units have no voting power and are not subject to a participation threshold. Holdings issued additional Class E Units during the year ended December 31, 2021. There were 33,000,000 Class E Units outstanding as of December 31, 2022 and 2021. There were 7,264,929 Warrant Units outstanding as of December 31, 2022 and 2021.

Holdings may redeem all, but not less than all, the Class E Units on or prior to December 4, 2023 at an amount equal to their total stated value of \$33,000,000. The Class E Units then become mandatorily redeemable in the event of a change in control or other qualified event as defined by the agreement, or on December 4, 2025. Each outstanding Class E Unit bears a cumulative cash return of 12% per annum. Cumulative returns for Class E Units totaled \$3,960,000 as of December 31, 2022.

Upon the redemption of any Class E Units, the holders of the Warrant Units shall have the right to require the Company to purchase a pro rata portion of the Warrant Units at a cash price equal to the fair market value of the Warrant Units as determined on the date the notice is given.

Management has determined the achievement of the performance and market vesting criteria of these units is not probable as of December 31, 2022. Therefore, the Company has not recognized any compensation expense related to these units.

Class F Units - Holdings has issued Class F Units to the majority owner of Holdings. The Class F Units have no voting power and are not subject to a participation threshold. There were 5,125,139 Class F Units outstanding as of December 31, 2022 and 2021. Each outstanding Class F Unit bears a cumulative cash return of 12% per annum. Cumulative returns for Class F Units totaled \$777,671 as of December 31, 2022.

FIVE D I, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(13) Holdings equity and member incentive units (continued)

On June 1, 2015, the Company adopted the United Country Equity Incentive Plan (the “Plan”). Management determined the Plan meets the requirements of a phantom unit plan. Under the Plan, a total of 5,180,999 phantom units may be awarded to employees of the Company, each of which represents a contractual right to receive an amount in cash equal to the fair market value of a unit of the Company’s member equity on the settlement date. Each award is subject to certain time, performance and market condition vesting criteria. No units of member equity will be issued pursuant to the Plan, as the awards are settled in cash after the required vesting period has been satisfied and a change of control event has occurred, as defined by the Plan. Unvested units of the Plan are forfeited upon termination of employment, although certain provisions of the Plan allow former employees to recover previously forfeited Plan units in the event that a change of control transaction occurs within six months of forfeiture. Management has determined that the achievement of the performance and market condition vesting criteria of the Plan units is not probable as of December 31, 2022. Therefore, the Company has not recognized a liability or any compensation expense related to the Plan units. There were 4,151,363 Plan units outstanding as of December 31, 2022 and 2021.

(14) Cash flow disclosures

	Years Ended December 31,	
	2022	2021
Cash paid for:		
Interest	\$ 684,200	\$ 244,300
Non-cash investing activities and financing activities:		
Purchase of equipment under finance (capital) leases	\$ 169,950	\$ 162,080
Fair value of contingent consideration issued in acquisitions, net	\$ 191,000	\$ 228,000
Fair value of non-controlling interests associated with acquisitions	\$ 6,056,000	\$ 7,876,000
Acquisition of operating lease right-of-use assets and related operating lease liabilities	\$ 5,180,431	\$ -
ASC 842 adoption date value of operating lease right-of-use assets and related operating lease liabilities	\$ 13,952,169	\$ -

(15) Subsequent events

The Company has evaluated subsequent events through April 30, 2023, which is the date that the consolidated financial statements were available to be issued. With the exception of the contingent consideration payments discussed in Note 3, there have been no significant matters identified for disclosure during this evaluation.

EXHIBIT B

FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

[INSERT DESCRIPTION OF TERRITORY]

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Exhibits:

- A. Confidentiality Agreement and Covenant Not To Compete
- B. Personal Guaranty and Controlling Principals’ Undertaking
- C. Ownership Information and Controlling Principals
- D. Authorization Agreement For Pre-Authorized Payments
- E. Map of Territory (if deemed necessary by Franchisor)
- F. State Amendments

SUMMARY PAGES

1. Term: 10 years from the Effective Date
2. Renewal Franchises: 1 consecutive renewal Franchise Agreement of 10 years
3. Franchisee: _____
4. Franchisee Corporate Address: _____

5. United Broker Office Business Address: _____

6. Phone Number: _____ Fax Number: _____
7. E-Mail Address: _____
8. Managing Principal: _____
9. Operations Manager: _____
10. Territory: The geographic area encompassed within _____
_____ and reflected on the map attached as Exhibit E, as existing on the Effective Date.
11. Scheduled Opening Date: _____
12. Initial Franchise Fee: \$ _____
13. Business Growth Goals: ___% increase of residential transactions closed and ___% increase in sales force, each measured year over year.
14. Business Growth Goals Minimum Fee: \$500 per Accounting Period during any Accounting Period in which the Business Growth Goals are not satisfied.
15. Monthly Agent Affiliation Fee: The then current fee set by Franchisor on a calendar year basis; currently \$45 per Agent per Accounting Period.
16. Monthly Real Estate Transaction Fee: The then current fee set by Franchisor on a calendar year basis; currently \$75 per Real Estate Transaction side per Accounting Period.
17. Lease Transaction Fee: The then current fee set by Franchisor on a calendar year basis; \$45 per Lease Transaction per Accounting Period.
18. MLS Administration Fee: An amount equal to the local MLS cost per year, plus \$500 annually.
19. Errors & Omissions Insurance Fee: \$27 per Transaction side per Accounting Period (includes both sales and lease agreement transactions).
20. Annual Event Contribution: \$3,500 (which includes two paid registrations to Franchisor-hosted national conference for which attendee registration fees apply); subject to a rebate in accordance with Section 10(b) of this Agreement.
21. Branch Brokerage Office Authorization and Approval Fee: \$5,000 per branch

- 22. Transfer Fee: \$5,000
- 23. Term Renewal Fee: \$5,000
- 24. Addresses for Notices:

Franchisor: Five D I, LLC
d/b/a United Real Estate
2820 N.W. Barry Road
Kansas City, Missouri 64154
(816) 420-6200
Email: DanDuffy@unitedrealestate.com
cc: JBarnard@unitedrealestate.com

Franchisee: Mailing address for Franchisee Corporate Office shown above.

UNITED REAL ESTATE FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is entered into by and between Franchisor and the Franchisee and is effective as of the Effective Date.

1. Recitals.

Franchisor has, through the expenditure of time, skill, effort and money, developed the System for the establishment and operation of a United Broker Office that provides urban properties focused real estate brokerage services. Franchisee desires to obtain the right, and Franchisor is willing to grant Franchisee the right, to operate a United Broker Office using the System in accordance with the terms of this Agreement. The parties have entered into this Agreement to evidence the terms and conditions of their relationship.

2. Definitions.

The following terms are used in this Agreement with the meanings assigned below:

Accounting Period means each calendar month during the Term.

Action means suit, proceeding, claim, demand, investigation, or inquiry, formal or informal.

Acquisition means the purchase of assets or merger or equivalent of a previously established real estate brokerage, which results in the Franchisee having control of an acquired Person or its assets following the transaction.

Affiliate means a Person that controls, is controlled by or is under common control with another Person, either by virtue of equity ownership, by contract or by other means.

Agent Transaction Summary Report means the then current report submitted by Franchisee to Franchisor each month, by the 3rd calendar day, detailing Agent count, Agent contact information, Real Estate Transaction count, Lease Transaction Count, Gross Commissions and such other information required by Franchisor and includes supporting documentation from Franchisee’s Real Estate Commission showing licensure and agents as well as a production report pulled from the MLS.

Agent means any licensed real estate broker or agent that is associated with and licensed in the Franchisee's United Broker Office.

Agent Website means an Internet website or webpage that Franchisor develops, maintains, controls and owns to advertise and promote Agents affiliated with Franchisee’s United Broker Office.

Asset Transfer means the voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of the Franchise, this Agreement or any interest in or right under this Agreement; of all or substantially all of the assets of Franchisee’s United Broker Office or in an interest therein, including (1) any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (2) any transfer upon Franchisee’s death or the death of any of Franchisee’s Principals by will, declaration of or transfer in trust or under the laws of intestate succession; or (3) any foreclosure upon Franchisee’s United Broker Office or the transfer, surrender or loss by Franchisee of possession, control or management of Franchisee’s United Broker Office.

Branch Brokerage Office Authorization and Approval Fee means the fee payable in connection with the opening of an approved Branch Brokerage Office in the Territory identified on the Summary Pages. Branch Brokerage Office Authorization is the written authorization from Franchisor to Franchisee pursuant to Franchisee's written request to open a Branch Office location, which details the proposed name and location of the requested Branch Office, as well as justification for financial viability.

Broker Office Website means an Internet website that Franchisor develops, maintains, controls and owns on behalf of Franchisee and the United Broker Office to advertise and promote Franchisee's United Broker Office and the real estate services and listings of Franchisee's United Broker Office.

Business Entity means a corporation, a general or limited partnership, a limited liability company or any other type of business entity.

Business Growth means the year over year percentage growth of agent count and closed sales transaction count.

Business Growth Goals are initially re-assessed 12 months from the Scheduled Opening Date and thereafter from time to time as determined by the Franchisor. Business Growth Goals are measured by Franchisee's traditional closed sale transaction counts (not to include leases) and agent counts as compared to Franchisee's initially assessed, or re-assessed, figures, as the case may be.

Business Growth Goals Minimum Fee \$500 per Accounting Period payable to Franchisor for each Accounting Period for which Business Growth Goals have not been satisfied.

Charter Documents means a corporation's articles of incorporation, by-laws and shareholders agreement (if any); a partnership's partnership agreement and, in the case of a limited partnership, its articles of limited partnership; a limited liability company's articles of association and regulations or operating agreement; and comparable governing documents of any other type of business entity.

Confidential Information means Franchisor's proprietary and confidential information relating to the development and operation of United Broker Offices, including:

1. Information Systems and software programs prescribed for use in United Broker Offices;
2. Identity of suppliers and knowledge of Standards for and suppliers of certain fixtures, furnishings, equipment, products, materials and supplies;
3. Methods of scheduling, training and management relating to United Broker Offices;
4. The Standards, the Operations Manual, any other proprietary materials and knowledge, know-how or experience used or obtained in developing and operating United Broker Offices;
5. Sales, marketing and advertising programs and techniques for United Broker Offices;
6. Knowledge of operating results and financial performance of United Broker Offices, other than Franchisee's United Broker Office;
7. Employee recruiting, interviewing, orientation, training and evaluation policies and procedures;

8. Franchisor's culture and all initial and refresher training programs;
9. Site selection criteria, general contractor and architect criteria and Trade Dress for United Broker Offices, and plans and specification for the development of United Broker Offices;
10. Information (including earnings information) regarding personnel and customers and those of other franchisees and licensees of Franchisor;
11. Franchisee recruiting methods and procedures, and selection criteria;
12. Business performance measurement systems; and
13. All other information that Franchisor provides Franchisee and designates proprietary or confidential.

Confidentiality Agreement and Covenant Not To Compete means the confidentiality agreement and covenant not to compete form attached to this Agreement as Exhibit A and as expressed in Section 18.

Continuing Fees means all Monthly Agent Affiliation Fees, Monthly Real Estate Transaction Fees, Monthly Lease Transaction Fees, Business Growth Goals Minimum Fees and other continuing payments due under this Agreement.

Control or **Controlling Interest** means the possession, directly or indirectly, of the power to direct or cause the direction, of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

Controlling Principals means one or more of Franchisee's Principals who (a) individually or collectively own a Controlling Interest in Franchisee or (b) have been designated by Franchisor and Franchisee as Controlling Principals. The initial Controlling Principals are listed on Exhibit C to this Agreement.

Controlling Principals' Undertaking means one or more of Franchisee's Principals who exercise control of Franchisee's business operations. See further, Exhibit B, Personal Guaranty and Controlling Principals' Undertaking.

Conversion Franchise means a real estate brokerage Franchisee has owned and operated as its existing business for at least one year at the time of conversion to a United Broker Office and that otherwise meets Franchisor's conversion standards, as determined by Franchisor in its sole discretion.

Copyrighted Materials refers to and includes all versions, variations and adaptations of the following materials in tangible form, either produced by Franchisor, produced on its behalf as works for hire, or derived from works produced by or on behalf of Franchisor: (i) all manuals used in a United Broker Office's development, operation and marketing activities, including but not limited to the Operations Manual, (ii) all Instructor training and other training materials (including printed, audio, video or electronic materials), (iii) United Broker Office plans and specifications, (iv) designs and graphics, (v) product and services identification posters, photographs and graphics, (vi) advertising and marketing materials, (vii) labels, forms and reports provided by Franchisor, (viii) any proprietary computer software developed for use in the operation of United Broker Offices, including but not limited to the peak performance program, (ix) all Trade Dress and Trade Dress elements, and (x) any other materials protected by copyright law or marked or identified by Franchisor as protected by copyright.

Dispute means any claim, controversy or dispute that arises under or in relation to this Agreement or concerns the relationship created by this Agreement.

Dollars or \$ means currency of the United States of America.

Effective Date means the date Franchisor signs the Agreement, as indicated in its signature block.

Event of Force Majeure means acts of God, strikes, war, riot, epidemic, fire or other natural catastrophe, terrorist acts or government actions resulting from terrorist acts, or other forces beyond Franchisee's or Franchisor's control which, as applicable, materially and adversely affect the condition, use or operation of Franchisee's United Broker Office or which effect Franchisor's ability to perform its obligations under this Agreement.

Event of Default means any breach of this Agreement, including without limitation, those breaches listed in Section 15 of this Agreement.

Franchise means the right to operate a United Broker Office, as more fully described in this Agreement.

Franchisee means the Franchisee identified on the Summary Pages of this Agreement.

Franchisor means FIVE D I, LLC, a limited liability company organized under the laws of the State of Delaware, or its successors and assigns to this Agreement.

Gross Commissions means the aggregate of all revenue and income of Franchisee from whatever source derived, whether or not collected by Franchisee and whether it is in the form of check, cash, credit or otherwise, arising out of, in connection with or relating to Franchisee's United Broker Office including, without limitation, (a) commissions and other income from the offer and sale of real estate brokerage services; (b) income from any other products or services provided; and (c) all proceeds from any business interruption insurance, but excluding i) all refunds and discounts made in good faith to a customer; ii) any sales, goods and services and equivalent taxes which are collected by Franchisee for or on behalf of any governmental or other public body and actually remitted to such body; and iii) the value of any gift card, coupon, voucher or other allowance authorized by Franchisor and issued or granted to customers of Franchisee's United Broker Office which is received or credited by Franchisee in full or partial satisfaction of the price of any product or service offered in connection with Franchisee's United Broker Office.

Indemnified Parties means Franchisor, its Affiliates, and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, attorneys, employees, successors and assigns.

Information Systems means electronic systems prescribed for use to collect, compute, store and report or complete Agent Transaction Summary Reports, other financial data and operating information, such as point of sale systems, computers, peripheral equipment and related software programs.

Initial Franchise Fee means the Franchise fee identified on the Summary Pages of this Agreement.

Lease Transaction Fee means the lease transaction-based fee identified on the Summary Pages.

Losses and Expenses means all compensatory, exemplary, incidental, consequential, or punitive damages (including lost profits); all fines, charges, costs, or expenses imposed by courts or other governmental authorities or by arbitrators; reasonable attorneys' fees and all court or arbitration costs,

settlement amounts, or judgments relating to litigation or arbitration; compensation for damages to Franchisor's reputation and goodwill; costs of or resulting from Franchisee's delays, costs of any necessary corrective advertising material and media time/space, and costs of changing, substituting, or replacing advertising; and all expenses of recall, refunds, compensation to third parties, public notices, and other similar amounts incurred in connection with the matters for which Losses and Expenses are to be paid.

Managing Principal means one of Franchisee's Controlling Principals who meets Franchisor's requirements and is approved by Franchisor, and who is appointed by Franchisee to supervise and manage all aspects of Franchisee's business and to deal exclusively with Franchisor and its staff for purposes of administering and coordinating the relationship created by this Agreement. Franchisee's first Managing Principal is identified on the Summary Pages.

Marks refers to and includes (i) the United service mark and logo, (ii) the United trade name, (iii) the elements and components of a United Broker Office's Trade Dress, and (iv) any and all additional, different or replacement trade names, trademarks, service marks, logos and slogans that Franchisor adopts from time to time to identify the System and the products and services offered by United Broker Offices.

Monthly Agent Affiliation Fee means the Agent based fee identified on the Summary Pages.

Monthly Real Estate Transaction Fee means the fee simple real estate transaction-based fee identified on the Summary Pages.

Multiple Listing Service (MLS) Administrative Fee means the costs assessed by an MLS to obtain a listing feed, plus \$500 each year to offset a portion of the costs associated with maintaining a listing feed and providing integration with back office software and website display. Franchisor will integrate the first two MLS requests free of charge. Thereafter, each new integration request will be charged \$500 annually. Franchisee remains responsible for all Franchisee associated fees assessed by the MLS and all fees associated with integrating an MLS feed which primarily serves listings outside of the Broker Office Territory.

Net Agent Count Growth means the actual number of agents in a given period of time as compared with a historical period of time, taking into account recruitment and attrition.

Operations Manager means one of Franchisee's Controlling Principals who meets Franchisor's requirements and is approved by Franchisor, and who is appointed by Franchisee to supervise and manage the day-to-day operations at Franchisee's Broker Office. Franchisee's first Operations Manager is identified on the Summary Pages.

Operations Manual means and collectively includes all manuals, policy statements, directives, bulletins and memoranda that contain prescribed or recommended Standards, procedures, policies and advice relating to a United Broker Office's operation and management and to marketing the products and services United Broker Offices offer. The Operations Manual discloses certain elements of Franchisor's proprietary System, and its contents are and will remain Franchisor's exclusive property.

Ownership Interest means any direct or indirect, legal or beneficial ownership interest of any type, including but not limited to (a) in relation to a corporation, the ownership of shares in the corporation; (b) in relation to a partnership, the ownership of a general partner or limited partnership interest; (c) in relation to a limited liability company, the ownership of a membership interest; or (d) in relation to a trust, the ownership of the beneficial interest of such trust.

Ownership Interest Transfer means the voluntary, involuntary, direct or indirect sale, assignment, transfer, license, sublicense, sublease, collateral assignment, grant of a security, collateral or conditional interest, inter-vivos transfer, testamentary disposition or other disposition of any direct or indirect Ownership Interest in Franchisee or revenues or income of Franchisee's United Broker Office, including (1) any transfer, redemption or issuance of a legal or beneficial Ownership Interest in Franchisee or any Business Entity that has a Controlling Interest in Franchisee or of any interest convertible to or exchangeable for a legal or beneficial Ownership Interest in Franchisee or any Business Entity that has a Controlling Interest in Franchisee; (2) any merger or consolidation between Franchisee or any Business Entity that has a Controlling Interest in Franchisee and another Business Entity, whether or not Franchisee is the surviving Business Entity; (3) any transfer in, or as a result of, a divorce, insolvency, dissolution proceeding or otherwise by operation of law; (4) any transfer upon Franchisee's death or the death of any of Franchisee's Principals by will, declaration of or transfer in trust or under the laws of intestate succession; or (5) any foreclosure upon Franchisee's United Broker Office or the transfer, surrender or loss by Franchisee of possession, control or management of Franchisee's United Broker Office. No employee or independent contractor may hold any Ownership Interest in Franchisee's United Broker Office other than an undivided interest in the Franchise as a whole, and then only in compliance with the provisions of Section 14.

Permanent Disability means any physical, emotional or mental injury, illness or incapacity that would prevent an individual from performing the obligations set forth in this Agreement or in the Personal Guaranty and Controlling Principals' Undertaking for at least 90 consecutive days, and from which condition recovery within 90 days from the date of determination of disability is unlikely. If the parties disagree as to whether an individual is permanently disabled, the existence of permanent disability will be determined by a licensed practicing physician selected by Franchisor, upon examination of the individual; or if the individual refuses to submit to an examination, then the individual automatically will be considered permanently disabled as of the date of refusal. The costs of any such examination will be paid by Franchisor.

Person means an individual or a Business Entity.

Principal means collectively or individually, all officers and directors of Franchisee or any Affiliate of Franchisee and Persons holding a direct or indirect interest in Franchisee or in any Affiliate of Franchisee, in the Franchise, this Agreement or any interest in or right under this Agreement, all or substantially all of the assets of Franchisee's United Broker Office or an interest therein or in the revenues or income thereof, as designated by Franchisor.

Personal Guaranty and Controlling Principals' Undertaking means the Personal Guaranty and Controlling Principals' Undertaking attached to this Agreement at Exhibit B.

QSC Reviews means physical, on-site visits to a United Broker Office during which Franchisor's representatives conduct either (i) formal inspections to determine the degree to which Franchisee's United Broker Office's operation satisfies Franchisor's quality, service and cleanliness standards, or (ii) informal reviews to evaluate the staff's compliance with Franchisor's Standards.

Renewal Fee means the renewal fee identified on the Summary Pages.

Scheduled Opening Date means the scheduled opening date identified on the Summary Pages or 120 days from the Effective Date, whichever shall come sooner.

Standards means the mandatory and suggested specifications, standards, operating procedures and rules that Franchisor prescribes from time to time for the development and operation of a United Broker

Office and any other information Franchisor provides to Franchisee during the Term relating to Franchisee's operation of Franchisee's United Broker Office or to any other of Franchisee's obligations under this Agreement and related agreements.

Summary Pages means the pages that appear at the beginning of this Agreement that summarize certain key information concerning the parties' relationship and the terms of this Agreement.

System means the business methods, designs, arrangements and Standards for developing and operating United Broker Offices, including those pertaining to site selection, construction and building design, signage and layouts, equipment, specifications for training, requirements and policies regarding personnel, real estate sales techniques and processes, accounting and financial performance, advertising and marketing programs and information technology, all of which Franchisor may improve, further develop or otherwise modify from time to time.

Term means the term identified on the Summary Pages.

Territory means the designated area described in the Summary Pages and Exhibit E, if applicable.

Trade Dress means decorative, non-functional components of a United Broker Office that provide the establishment of a distinctive, memorable appearance.

Trade Secrets means the components of the System, the contents of the Operations Manual and of all employee training materials and computer programs developed by Franchisor or in accordance with its Standards, Confidential Information and any other confidential information that Franchisor imparts to Franchisee with respect to a United Broker Office's operation or management, whether through the Operations Manual or otherwise.

Transfer means an Asset Transfer and/or an Ownership Interest Transfer.

Transfer Fee means the transfer fee identified on the Summary Pages.

United Broker Office means a real estate brokerage office that operates on a year-round basis at a fixed (permanent) location under the Marks and System.

United Broker Office Business Address means the physical address of Franchisee's United Broker Office described on the Summary Pages.

United Franchise Network means all Franchisor-owned and franchisee or licensee owned United Broker Offices. The United Franchise Network does not include any United Country broker offices.

United Intranet means a web-based communications network that permits members of the United Franchise Network to communicate electronically with each other and through which Franchisor may, at its option, make accessible various materials to Franchisee, including the Operations Manual, training materials and official notices.

United Website means an Internet website that Franchisor may develop and maintain to advertise and promote the United Franchise Network generally, and the products and services that members of the United Franchise Network offer, and to facilitate the sale of Franchises for United Broker Offices.

3. Grant of Franchise.

(a) Subject to the terms and conditions of this Agreement and Franchisee's compliance with its obligations under this Agreement, Franchisor grants to Franchisee a franchise, and Franchisee accepts the franchise and obligation to operate, a United Broker Office in the Territory at and from the United Broker Office set forth in the Summary Pages to this Agreement, using the System and Marks in accordance with Franchisor's Standards.

(b) Franchisee is specifically prohibited from sublicensing, assigning, or delegating to others any of Franchisee's rights or obligations under this Agreement and from offering real estate brokerage services through any other distribution method without Franchisor's prior written consent. Except as specifically required by law or upon written authorization from Franchisor, Franchisee will not complete an Acquisition of an existing brokerage office to the extent the target real estate brokerage office is outside of the Territory, or where the target brokerage office has greater than 25% of its agents residing outside the Territory. Notwithstanding the foregoing, if Franchisor deems Franchisee to be purchasing a Conversion Franchise, Franchisor will permit Franchisee to retain any then current Agents who reside outside the Territory so long as they remain engaged with Franchisee and do not violate any agent branding restrictions.

(c) Franchisee acknowledges and agrees that the System is based on an urban properties focused real estate brokerage office model and that Franchisor would not have offered or sold the franchise for the United Broker Office to Franchisee if it believed that Franchisee desired or intended to perform non-urban focused real estate brokerage services. Accordingly, as a condition to entry into this Agreement and with full knowledge and understanding of the System and limitations related thereto, Franchisee acknowledges and agrees that Franchisee will not operate, establish, open, start or advertise to the public or other real estate companies and agents that Franchisee operates or offers services for the brokerage or auctioning of agricultural, recreational, timber, or ranch land or other rural lifestyle properties. To this end, Franchisee will not hire any Agent who primarily positions themselves as a purveyor of agricultural, recreational, timber, ranch land or other rural lifestyle properties. In cooperation with Franchisor's efforts to maintain brand distinction in the metropolitan and city residential market, if Franchisee learns of any of Franchisee's agents engaging in a historical production of rural lifestyle properties in excess of 50% over sales volume or primarily engaging in or portraying themselves as a purveyor of rural lifestyle properties of the types noted above that is incongruent to Franchisor's metropolitan and city residential properties model, Franchisee agrees to take such action that is necessary to cause any such agent to cease doing so, or Franchisee should cease doing business with such agent, to the fullest extent permitted by law. Franchisee and its agents are able to list and sell land parcels and properties of the types noted above, subject to the restrictions above.

(d) Franchisee and its Agents may solicit real estate brokerage service business from customers inside or outside Territory (with exception to subparagraph (c) above), whether or not such geographic area is part of the Territory of any other United Broker Office, but Franchisee must do so through means authorized in the Standards.

(e) This Agreement does not in any way grant or imply any exclusive or other area, market or territorial rights; provided that so long as Franchisee, its Affiliates and its Principals are in full compliance with this Agreement and any other agreements with Franchisor and its Affiliates and have satisfied the Business Growth Goals and achieved and maintained a minimum agent count of 100, then Franchisor will not expressly permit any wholly third-party owned and franchised bricks and mortar United Broker Office to open and operate in the Territory as set forth in Exhibit E. However, Franchisor and its Affiliates reserve all other rights related to the System and Marks, including, without limitation, the right:

(i) To operate themselves directly or through their respective Affiliates (including joint ventures we or our Affiliates enter into with one or more third parties), United Broker Offices using the System and the Marks both inside and outside the Territory;

(ii) To operate and grant franchises to third parties to operate United Broker Offices using the System and the Marks outside the Territory;

(iii) To advertise and promote the System within and outside the Territory;

(iv) To develop, establish and operate (directly or indirectly), and to grant franchises to others to develop, establish and operate, other business systems (including, without limitation, real estate brokerage services) using the Marks, or other names or marks, within and outside the Territory and to spin off, sell, or otherwise dispose of all or any interest in such business systems;

(v) To engage, directly or indirectly, in the production, distribution, operation, license and sale of products and services under the Marks, or under other marks, within and outside the Territory through any method of distribution, including, but not limited to, retail outlets, mail order catalogs, the Internet, telemarketing, other direct marketing, or any other channel of distribution, and regardless of the proximity to, or the competitive impact on, any United Broker Office developed pursuant hereto;

(vi) The right (i) to be acquired, in whole or in part, by any company, including any company that operates or offers franchises for businesses that offer real estate brokerage services and that have locations or operate within or outside the Territory under any trademark or trade name other than the Marks, and (ii) to acquire any such company, in whole or in part. In the event of any such acquisition by us or one of Franchisor's Affiliates in the Territory, Franchisee agrees that Franchisor or such other entity may continue to operate (or authorize others to operate) the acquired company (and any and all of its locations) in the Territory under the acquired company's trademarks and trade names.

(f) Franchisee acknowledges and agrees that Franchisee's continuing rights in the Territory will be subject to Franchisee's obtaining and maintaining a minimum agent count of 100 and continuing satisfaction of the Business Growth Goals in place from time to time during the term of this Agreement. Franchisor expressly retains the right to modify or eliminate the geographic size of the Territory during the term of this Agreement if Franchisee does not have a minimum agent count of 100 and/or is unable to achieve its annual Business Growth Goals, and does not cure such deficiency(ies) within 60 days of receipt of written notice from Franchisor ("Correction Period"). Upon expiration of the Correction Period, Franchisor will reassess Franchisee's Business Growth metrics based on Franchisee's performance during the previous 12 Accounting Periods. If Franchisee is still at or below the then required percentage of the Business Growth Goals, Franchisor will have the right to reduce or eliminate the Territory following delivery of written notice from Franchisor to Franchisee. Franchisor will document the eliminated or modified Territory in an Amendment to this Agreement, which will be fully effective regardless of whether countersigned by Franchisee. If/when the Territory is eliminated or reduced, it may not be reinstated or expanded at a later time regardless of whether the Business Growth Goals are later satisfied, and Franchisor will have full right and authority to operate and grant franchises to third parties to operate United Broker Offices using the System and the Marks within all or such reduced portion of the former Territory, as may be applicable. In addition, if any Accounting Period the Business Growth Goals are not satisfied, Franchisee must pay to Franchisor the Business Growth Goals Minimum Fee within 10 days of end of each such Accounting Period up to and until the then current Business Growth Goals are fully satisfied.

(g) Upon request and, at Franchisor's sole discretion, Franchisor may offer collaboration with Franchisee on certain business development opportunities such as agent recruitment, marketing strategy, networking events, mergers and acquisitions, or other business growth strategies.

(h) Franchisee acknowledges and agrees that Franchisor has no express obligation or implied duty to insulate or protect Franchisee's revenues from erosion as the result of Franchisee's United Broker Office's competing with other United Broker Offices in the ways and to the extent this Section 3 provides or contemplates. Franchisee expressly waives and relinquishes any right to assert any claim against Franchisor based on the existence, actual or arguable, of any such obligation or duty.

(i) If Franchisee is a Business Entity, Franchisee acknowledges and agrees that no individual, including the Controlling Principals and employees of the United Broker Office, has, and no provision of this Agreement confers, any personal right to use the Marks at or from any location (whether within or outside of the Territory) for any purpose. Franchisee agrees to immediately notify Franchisor if Franchisee becomes aware of such use of the Marks. Franchisee will take all reasonable actions required by Franchisor to eliminate such use of the Marks and will reimburse Franchisor for any expense incurred by Franchisor as a result of such use of the Marks.

4. Business Entity Requirements.

(a) If Franchisee is a Business Entity, the following requirements apply:

(i) Pursuant to Section 13(a)(ii) of this Agreement, Franchisee will not use "United", any Marks, or any abbreviation, acronym or variation of them as part of its name or as part of the name of any Business Entity in which Franchisee owns or holds an interest. Further, Franchisee must submit proposed name it desires to do business under for prior approval to Franchisor.

(ii) Franchisee must be properly organized and in good standing under applicable law, and its Charter Documents must provide that Franchisee's purposes and activities are restricted exclusively to operating United Broker Offices. True, complete and duly authenticated copies of Franchisee's Charter Documents and of a resolution of Franchisee's board of directors, general partner or other managing body authorizing Franchisee to enter into and perform this Agreement must be furnished to Franchisor prior to the execution of this Agreement.

(iii) Franchisee's Charter Documents will impose Transfer restrictions that give effect to Section 14(a), and each certificate representing an Ownership Interest in Franchisee will contain or have conspicuously noted upon its face a statement in a form satisfactory to Franchisor to the effect that any assignment or Transfer of the certificate is subject to all restrictions this Agreement imposes on Transfers.

(iv) Franchisee will maintain a list of all record and beneficial owners of Ownership Interests in Franchisee and will furnish a current version of the list to Franchisor between December 15th and 31st of each year and upon request.

5. Primary Fees.

(a) In consideration of Franchisor's granting the Franchise and for Franchisor's lost or deferred opportunities in the Territory, Franchisee must pay Franchisor the Initial Franchise Fee concurrent with Franchisee's execution of this Agreement. The Initial Franchise Fee will be fully-earned upon receipt and is not refundable under any circumstances.

(b) In consideration for Franchisee's continuing use of the Marks and the System, Franchisee agrees to pay Franchisor the Monthly Agent Affiliation Fee, the Monthly Real Estate Transaction Fee and the Monthly Lease Transaction Fee each Accounting Period based on Franchisee's operation of the United Broker Office. If during any Accounting Period, Franchisee has not satisfied the Market Growth Goals,

then Franchisee will pay the Business Growth Goals Minimum Fee for the specific Accounting Period (as applicable).

(c) All Continuing Fees due under this Agreement shall be payable each Accounting Period by automatic debit of Franchisee's account. Franchisee shall authorize Franchisor and its bank to debit Franchisee's account directly for the payment of all fees, including, but not limited to the Continuing Fees and other amounts due hereunder by signing and delivering the Authorization Agreement for Pre-authorized Payments attached to this Agreement at Exhibit D. Franchisee shall at all times maintain a balance of not less than \$10,000 in the account designated on Exhibit D to this Agreement. Continuing Fees shall be payable without notice or demand on the fifth (5th) day of each Accounting Period with respect to Franchisee's operations for the immediately preceding Accounting Period. All other payments shall be due upon demand. By notice in writing to Franchisee, Franchisor may from time to time change the payment interval, the payment date and/or the manner of payment.

(d) By end-of-business on the 3rd day of each Accounting Period in accordance with Section 9(u), Franchisee must submit a report in CSV format from Franchisee's Real Estate Commission detailing active licensed agents associated with Franchisee's Broker's license (Licensed Agent Report) and an office production report in CSV format generated through Franchisee's MLS listing all transactions closed during the immediately preceding Accounting Period (Closed Transaction Report). By end-of-business on the 3rd calendar day of each Accounting Period, Franchisee must review the Active Agents in Bullseye+ to ensure the Licensed Agent Report information matches the Active Agents List. By end-of-business on the 5th calendar day of each Accounting Period, Franchisee must review the Paperless Pipeline Agent Unit Report (Transaction Summary Report) to ensure the Transaction Summary Report information matches the MLS Closed Transaction Report. Franchisor will calculate Franchisee's Continuing Fees based on the number of active agents and transactions for the reported Accounting Period.

(e) Franchisee will not be entitled to withhold Continuing Fees and other payments (as applicable) due hereunder on account of Franchisor's breach or alleged breach of its obligations under this Agreement or any other agreement between the parties or their respective Affiliates; Franchisor's performance under this Agreement constitutes no part of the consideration for Franchisee's obligation to pay Continuing Fees.

(f) If Franchisee fails to report and/or pay any Continuing Fees or other payments (as applicable) or any trade account by the date on which such payment is due, the amount payable will bear interest from the date it became due through the date of payment at the lesser of (i) 18% per annum, or (ii) the highest lawful rate of interest permitted by applicable state and federal law, and Franchisee will pay to Franchisor a late fee of U.S. \$150 per Accounting Period the respective payment remains unpaid. Such late fee will be paid to Franchisor in addition to, and not in lieu of, any other rights Franchisor may have at law or in equity as a result of late payment by Franchisee. Nothing in this Agreement will obligate Franchisee or any guarantor of Franchisee's obligations to pay, or entitle Franchisor or its designee to collect, interest in excess of the maximum rate applicable law permits. If, for any reason, Franchisor or its designee charges or receives interest in excess of the maximum rate permitted by applicable law, the excess will be applied as a payment against the principal amount of Franchisee's other obligations under this Agreement. If no other obligations are due, Franchisor or its designee will promptly refund the excess payment to the party that paid it.

6. Modification of Franchise, Trade Dress and Equipment Standards.

(a) Franchisor reserves the right to modify the System and Marks from time to time, including, without limitation, the right to (1) add new and different real estate brokerage and related services to the list of authorized United Broker Office real estate brokerage and related services, (2) withdraw real estate

brokerage and related services from the list of authorized United Broker Office real estate brokerage and related services, or to change their names, content and image, (3) change the Trade Dress and Standards for equipment and fixtures for United Broker Offices, (4) add or change the Standards for real estate brokerage and related services, and (5) require the use of new or different electronic data processing and communications equipment and facilities. Franchisee will promptly comply with and adopt, at its own expense, all such modifications, including but not limited to, modifications of the Marks, Trade Dress, signage, stationery, business cards, promotional materials and other items related to, or used in the operation of, the United Broker Office.

(b) If the required addition of real estate brokerage and related services would not require new training or the installation of new fixtures or equipment (other than items Franchisor classifies as supplies), Franchisor may instruct Franchisee to begin offering the real estate brokerage and related services as of a date specified in a supplement to the Operations Manual. Similarly, if the required deletion of real estate brokerage and related services would not require new training or the removal of fixtures or equipment (other than items Franchisor classifies as supplies), Franchisor may direct Franchisee to cease offering the real estate brokerage and related services as of a date specified in a supplement to the Operations Manual. Franchisee will comply with Franchisor's instructions as of the date Franchisor specifies, which need not be more than 30 days after Franchisor distributes the Operations Manual supplement.

(c) If Franchisor abandons or adopts changes in the Standards that necessitate the addition or removal of furniture, fixtures, equipment, signs or Trade Dress items, Franchisor may instruct Franchisee to adapt Franchisee's United Broker Office to the Standards through a supplement to the Operations Manual. Franchisor, in consultation with Franchisee, will establish a schedule for Franchisee to implement such changes that will depend, among other factors, on Franchisee's United Broker Office's size, age, and the amount Franchisee has spent in recent periods to refurbish and upgrade Franchisee's United Broker Office. Franchisee will remove from Franchisee's United Broker Office any items Franchisor designates as obsolete and will purchase and/or lease and install any different or additional items Franchisor specifies as meeting its new Standards, all in accordance with the schedule Franchisor establishes for Franchisee's United Broker Office.

(d) If Franchisor allows Franchisee's United Broker Office to participate in any new real estate brokerage services test program; Franchisee will participate in the test in accordance with Franchisor's Standards and will discontinue offering any real estate brokerage services that Franchisor decides not to permanently add.

(e) If Franchisee develops or suggests an innovation or improvement at the United Broker Office that Franchisor decides to incorporate into the System for use in other United Broker Offices (whether on a temporary or permanent basis and whether applicable to all or select Franchisees), the innovation or improvement will become Franchisor's Confidential Information without compensation. Franchisee hereby assigns ownership of each such innovation or improvement to Franchisor and agrees to execute and deliver all such additional instruments and documents as Franchisor may request to evidence the assignment and Franchisor's ownership of the innovation or improvement.

7. Franchisor Services and Assistance.

(a) **Development Stage Assistance.** Franchisor (or its designee) will provide the following services and assistance to Franchisee before Franchisee opens Franchisee's United Broker Office.

(i) Franchisor will furnish Franchisee a list that describes or shows the Standards for the fixtures and equipment that Franchisee must install in Franchisee's United Broker Office. Franchisor may, but will have no obligation to, provide Franchisee a list of preferred architects or general contractors.

(ii) Franchisor will furnish Franchisee lists of the inventory, supplies, and other incidentals needed to stock and operate a United Broker Office, together with the names of any suppliers Franchisor has designated or approved for the supply of such items, including Franchisor and its Affiliates.

(iii) Prior to rendering their services to Franchisee's United Broker Office, the Managing Principal and one other approved person (and any replacements or successors thereto), will attend and complete, to Franchisor's satisfaction, initial training conducted by Franchisor. When Franchisee's Managing Principal arrives for training, Franchisor will loan Franchisee one copy of the Operations Manual. Franchisor will not charge Franchisee any fee for the training of the Managing Principal and one other approved trainee as described above before the United Broker Office opens for business. Franchisor reserves the right to charge a fee to Franchisee for any additional required or optional training before or after the United Broker Office opens for business and training for other or subsequent Managing Principals and personnel; provided that such fee will be tied to Franchisor's costs related to such additional training. Such training will consist of a maximum of 1 week of training in Dallas, Texas at Franchisor's affiliate United Dallas office for the Managing Principal and one additional person, or at another location designated by Franchisor. Franchisee will be responsible for Franchisee's employees' travel expenses and room, board and wages during such training. Franchisor may periodically make other mandatory or optional training available to Franchisee's employees as well as other programs, seminars and materials, and Franchisee will ensure that all employees, as Franchisor may direct, satisfactorily complete any required training within the time specified.

(b) **Operational Assistance.** Franchisor (or, notwithstanding the following, its designee) will provide the following services and assistance to Franchisee after Franchisee's United Broker Office opens.

(i) Franchisor will provide such advice and assistance to Franchisee as Franchisor deems advisable in planning publicity and promotions for Franchisee's United Broker Office's promotion, including print media and display advertising.

(ii) Franchisor will make its staff accessible to the Managing Principal, to the extent Franchisor deems advisable, for consultation by telephone, fax, written communication, e-mail and other forms of electronic communication during regular business hours. Franchisor may periodically visit Franchisee's United Broker Office to conduct QSC Reviews and to consult with the Managing Principal regarding Standards compliance as Franchisor deems appropriate, but will not provide routine field supervision.

(iii) Franchisor will loan Franchisee additions and supplements to the Operations Manual as they become available, and will disclose to Franchisee additional Trade Secrets, if any, Franchisor develops that relate to the operation of United Broker Offices. Franchisor's standards do not include any personnel policies or procedures that Franchisor (at its option) may describe in the Operations Manual or otherwise suggest for Franchisee's optional use. Franchisee will determine to what extent, if any, these policies and procedures might apply to Franchisee's operations and business. Franchisor neither dictates nor controls labor or employment matters for franchisees and their employees.

(iv) Franchisor will invite Franchisee to attend all conventions, seminars and other franchisee-oriented functions Franchisor plans for the United Broker Office Network, so long as Franchisee is in compliance and good standing.

(c) **Auction Assistance.** Franchisee is prohibited from providing auction marketing or auction services to its customers or Agents using the Marks or System, or in partnership with any third party unaffiliated auction services companies, without the express written consent of the Franchisor. Franchisor may from time to time provide Franchisee with auction marketing and auction event management assistance

upon request of Franchisee and as deemed appropriate by Franchisor; provided however, Franchisor reserves the right to approve: (i) properties or assets to be sold via the auction method of marketing and reserve prices, if any, (ii) the auction marketing agreement, including its terms and conditions and budget and, (iii) seller qualification.

8. Site Selection.

(a) **Criteria for Site Approval.** Franchisee agrees that within 30 days after the execution of this Agreement, Franchisee will locate and obtain the approval of Franchisor for a site within the Territory for the establishment and operation of Franchisee's United Broker Office. Franchisee must submit to Franchisor:

(i) a completed site review form designated by Franchisor, which will include, among other things, demographic information, a site plan, and traffic-related information;

(ii) if the premises for the proposed site are to be leased, satisfactory evidence that the lessor will agree to the following minimum requirements: (1) the landlord will deliver to Franchisor a copy of any notice of default or termination of the lease at the same time such notice is delivered to Franchisee; (2) Franchisee will have the absolute right to sublet, assign or otherwise transfer its interest in the lease to Franchisor or its affiliate, or to a business entity with which Franchisee or Franchisor may merge or consolidate, without the landlord's approval, written or otherwise, and without execution of a guarantee of Franchisor's obligations thereunder; (3) Franchisor will have the right, but not the obligation, upon giving written notice of its election to Franchisee and the landlord, to cure any breach of the lease and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests there under; (4) the lease may not be modified, amended, renewed or extended in any manner or assigned by Franchisee without Franchisor's prior written consent; and (5) the landlord and Franchisee acknowledge that Franchisor and its personnel or agents will have the right to enter the premises to de-identify the location as a United Broker Office upon termination or expiration of this Agreement; and

(iii) any other information or materials as Franchisor requires, such as a letter of intent or other document which confirms Franchisee's favorable prospects for obtaining the proposed site.

(b) **Approved by Franchisor.** Upon receipt of all requested documentation, Franchisor will notify Franchisee of its approval or disapproval in writing within a period of 30 days. Franchisee agrees to accept all of Franchisor's decisions as final. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for Franchisee's United Broker Office or for any other purpose or of the financial success of operating Franchisee's United Broker Office at such site. Upon approval of the site, the United Broker Office Business Address and Territory in the Summary Pages will be completed.

(c) **Extensions.** Upon Franchisee's written request, Franchisor, without obligation, may grant a written extension or extensions to the period for approval of a proposed site.

(d) **Purchase Agreement/Lease.** If Franchisee will purchase the premises for Franchisee's United Broker Office, Franchisee will submit a copy of the proposed contract of sale to Franchisor for its written approval prior to its execution and will furnish to Franchisor a copy of the executed contract of sale within 10 days after execution. If Franchisee will occupy the premises of Franchisee's United Broker Office under a lease, Franchisee will submit a copy of the lease to Franchisor for written approval prior to its execution and will furnish to Franchisor a copy of the executed lease within 10 days after execution. No lease for Franchisee's United Broker Office premises will be executed by Franchisee unless first approved by Franchisor, which approval will be subject to inclusion of the terms set forth in Section 8(a)(ii) above.

9. Build-Out, Relocation and Operations.

In connection with the build-out and operation of Franchisee's United Broker Office, Franchisee agrees to fulfill the requirements, to perform the obligations and to observe the restrictions stated in this Section 9.

(a) Franchisee will construct, finish out, equip, furnish and decorate Franchisee's United Broker Office in compliance with this Agreement and Franchisor's equipment, Trade Dress, Information Systems and signage Standards. Franchisee will acquire all proprietary and other fixtures, equipment, signs or Trade Dress for use on or at the premises of Franchisee's United Broker Office from suppliers designated by Franchisor in writing. After Franchisee's United Broker Office opens, Franchisee will not alter its fixtures, equipment, signs or Trade Dress in any fashion without Franchisor's express prior written permission.

(b) Franchisee will display at such location on Franchisee's United Broker Office premises as Franchisor designates, a placard of such size as Franchisor prescribes containing the following statement: "This United Broker Office is independently owned and operated." Franchisee will also identify itself as an independently owned and operated business on such other written materials as deemed appropriate by Franchisor from time to time, including business cards, email signatures, stationary, invoices and other similar materials used with vendors, customers, employees and other third parties. Franchisee will never make a statement or representation to any Person that is contrary to or inconsistent with Section 13 of this Agreement.

(c) Franchisee will appoint one Controlling Principal who is approved by Franchisor to be the Managing Principal. The Managing Principal will be Franchisee's primary contact with Franchisor and its staff for purposes of administering and coordinating the relationship created by this Agreement. If the initial or any successor Managing Principal resigns or otherwise leaves Franchisee's employment, Franchisee will notify Franchisor within five days and will appoint a suitably qualified replacement Managing Principal within a reasonable time which will in no case exceed 30 days from the date of departure.

(d) Franchisee will appoint one Operations Manager who is approved by Franchisor to be the Operations Manager. The Operations Manager will be required to participate in the daily management and operations of the United Broker Office. If the initial or any successor Operations Manager resigns or otherwise leaves Franchisee's employment, Franchisee will notify Franchisor within five days and will appoint a suitably qualified replacement Operations Manager within a reasonable time which will in no case exceed 30 days from the date of departure.

(e) The Managing Principal and Operations Manager (or other approved trainee) will attend Franchisor's training program described in Section 7(a)(iii), at Franchisee's sole expense. The Managing Principal and Operations Manager (or at least one other approved trainee) must complete Franchisor's training program to Franchisor's satisfaction before Franchisee's United Broker Office may open for business.

(f) Franchisee will open Franchisee's United Broker Office for business not later than the Scheduled Opening Date or within 120 days of the Effective Date of this Franchise Agreement, whichever shall come sooner, and will operate it continuously throughout the entire Term solely under the Marks and System and in accordance with the Operations Manual. Franchisee must comply with the Business Growth Goals during the Term. If Franchisee's United Broker Office's construction or opening is interrupted by an Event of Force Majeure, Franchisee will promptly notify Franchisor and provide Franchisor details of such Event of Force Majeure and its anticipated schedule for opening. In such event, the Scheduled

Opening Date will be extended up to 90 days unless Franchisor otherwise agrees to a longer extension; provided that failure to open Franchisee's United Broker Office within any such extended period will be a material default of this Agreement.

(g) If the lease for Franchisee's United Broker Office expires or is terminated before the end of the Term, Franchisee may move Franchisee's United Broker Office to another location approved by Franchisor in accordance with Franchisor's site selection procedure. The new location (i) must be in the original United Broker Office's Territory (as determined by Franchisor), and (ii) may in no case infringe upon a Franchise Agreement or other agreement applicable to another United Broker Office.

(h) Subject to Franchisor's prior written consent and the payment of the Branch Brokerage Office Authorization and Approval Fee, Franchisee may develop, open and operate a second (or other additional) Branch Brokerage Office in the Territory in accordance with the Standards, which if opened will be considered part of Franchisee's United Broker Office for all purposes of this Agreement.

(i) If Franchisee loses possession of the original United Broker Office's premises because the lease expired by its terms, or on account of condemnation or eminent domain proceedings, or as the result of early termination pursuant to Section 16, Franchisee must initiate the relocation procedure in time to lease, build-out and open the new United Broker Office for business within 60 days after the original United Broker Office closes. If Franchisee's lease is terminated on account of a fire or other casualty, Franchisee must initiate the relocation procedure in time to lease, build-out and open the new United Broker Office for business within 90 days after the lease for the original United Broker Office terminates.

(j) Franchisee must (i) comply with and adhere to the policies and procedures set forth in the Operations Manual, as revised and supplemented from time to time, (ii) purchase and use furniture, fixtures and equipment that satisfy or exceed the minimum Standards; (iii) purchase signage, advertising materials, inventory and supplies only from suppliers Franchisor designates or approves from time to time, including but not limited to, the purchase of certain products and services from Franchisor and/or its Affiliates, who may be the sole source for certain products and services required to be used in the operation of the United Broker Office; and (iv) maintain all equipment, signage, decorations, fixtures, furnishings and leasehold improvements used in connection with Franchisee's United Broker Office in good order and repair and to cause the same to be promptly replaced as they become worn, damaged, obsolete, out of style or mechanically impaired and when offered or applicable, enter into preventative maintenance programs as further described in the Operations Manual.

(k) Franchisee will provide appropriate training, supervision and security for all personnel employed in Franchisee's United Broker Office and all Agents, maintain prompt and courteous customer service, and instruct all employees of Franchisee's United Broker Office and all Agents in the proper use and display of the Marks and the confidential handling of the Trade Secrets and the Operations Manual, all as stated in the Standards. Franchisee acknowledges and agrees that Franchisor shall not, and shall have no right or authority to, control Franchisee's employees. Franchisor shall have no right or authority with respect to the hiring, termination, discipline, work schedules, pay rates or pay methods of Franchisee's employees. Franchisee acknowledges and agrees that all employees shall be Franchisee's exclusive employees and shall not be employees of Franchisor nor joint employees of Franchisee and Franchisor. Franchisor neither dictates nor controls labor or employment matters for franchisees and their employees.

(l) Without prior written permission of the affected employer or principal, Franchisee will not, directly or through others, contact, solicit or offer any inducements to any employee or Agent of Franchisor, a Franchisor Affiliate or another United Broker Office Franchisee for the purpose of persuading or attempting to persuade the employee or Agent to leave such employment or relationship or accept employment by or association with Franchisee in any capacity.

(m) Franchisee will offer all real estate brokerage services set forth in the Standards, as revised from time to time, and will not offer any other real estate brokerage services that are not included in the Standards, as revised from time to time, without Franchisor's prior written consent, including but not limited to offering or selling agricultural, hunting, recreational, or other rural lifestyle properties inside or outside the Territory.

(n) Franchisee will display in Franchisee's United Broker Office all (i) product identification materials, (ii) point-of-purchase promotional materials, (iii) promotional memorabilia, merchandise and prizes, and (iv) other advertising and marketing materials Franchisor provides to Franchisee pursuant to the Standards for use by United Broker Offices.

(o) Franchisee will follow Franchisor procedures in maintaining and cleaning Franchisee's United Broker Office's equipment and fixtures, and will maintain Franchisee's United Broker Office premises, including all interior and exterior areas, in a safe and sanitary condition at all times.

(p) Franchisee will maintain the physical appearance and integrity of Franchisee's United Broker Office in accordance with the Standards stated in the Operations Manual.

(q) Franchisee will permit Franchisor representatives to conduct unannounced QSC Reviews of Franchisee's United Broker Office at any time during normal business hours. Franchisee will promptly correct any condition noted as "unsatisfactory" or "needs improvement" in a QSC or staff evaluation report.

(r) Franchisee will maintain United Broker Office business hours and days of operation in accordance with the Standards, except to the extent that Franchisor grants a written exception.

(s) Franchisee will comply strictly with all federal, state and local laws and government regulations applicable to Franchisee's United Broker Office, including those relating to the offer and sale of real estate brokerage services, taxation, employment and promotion practices, employee wages, child and immigrant labor, disabled persons, environmental, truth-in-advertising, occupational safety and health, and sanitation. Franchisee will submit to Franchisor any and all health inspection or similar report for Franchisee's United Broker Office within 7 days of its receipt of such report.

(t) Franchisee will (i) adopt and follow Franchisor's fiscal year for accounting purposes, (ii) adopt and follow the accounting principles, policies and practices Franchisor prescribes, including use of Franchisor's standard chart of accounts, (iii) acquire, install and use the Information Systems Franchisor specifies from time to time, and (iv) maintain equipment necessary to utilize Franchisor's Information Systems.

(u) Franchisee will accurately prepare and submit Agent Transaction Summary Reports and otherwise calculate and report Gross Commissions to Franchisor at the times and through the procedures Franchisor from time to time specifies.

(v) Franchisee is solely responsible for the payment of all taxes owed by Franchisee and preparation of all tax returns required to be filed by Franchisee. At Franchisor's request, Franchisee will furnish Franchisor copies of all federal and state income and sales tax returns filed by Franchisee with respect to Franchisee's United Broker Office's income or sales.

(w) Franchisee will permit Franchisor to conduct special audits of Franchisee's books and records relating to Franchisee's United Broker Office's operation at any time during the Term, and for three years after this Agreement expires, terminates or is transferred. All such books and records will be kept available for at least three years after the termination, expiration or Transfer of this Agreement for any

reason. To assist Franchisor in planning and conducting its audit program, Franchisee expressly authorizes Franchisor to obtain from any vendor with which Franchisee does business copies of invoices and other sales data related to Franchisee's account with the vendor. If an audit establishes that Franchisee's Agent Summary Transaction Report or other profit and loss statements have understated Continuing Fees due for any fiscal year by more than 3%, Franchisee will pay the audit's cost, including the travel, lodging and meal expenses of the individuals who conduct the audit. Otherwise, Franchisor will bear the audit's entire cost. Franchisee will promptly pay Franchisor any deficiencies established by an audit, together with interest as provided in Section 5(f).

(x) Franchisee will maintain complete and accurate books and records relating to the operation of Franchisee's United Broker Office in accordance with this Section 9(x), permit Franchisor representatives to inspect such books and records and, within 45 days after the end of each fiscal year of Franchisee's United Broker Office, submit to Franchisor a balance sheet, income statement and statement of cash flow for the year then ended. These financial statements will be prepared and certified by an independent certified public accountant, disclose separately the items specified by Franchisor on forms it provides, and will be prepared in accordance with the accounting principles and practices Franchisor prescribes. If Franchisee is at any time required to furnish any lender, lessor, government agency or other Person audited financial statements with respect to Franchisee's United Broker Office, Franchisee will concurrently furnish Franchisor a copy of such audited financial statements. In addition to the annual reports required above, no later than the last business day of the month following the close of each fiscal quarter (other than the fourth fiscal quarter), Franchisee will deliver to Franchisor an unaudited balance sheet as of the end of such fiscal quarter and an income statement for such fiscal quarter.

(y) Franchisee will:

(i) Participate in (and cause all Agents to participate in) Franchisor's then current mandatory group policy errors or omissions insurance program in connection with the offer and sale of real estate brokerage services through the United Broker Office, and pay all related then current premium fees and costs associated with participation in such program. Franchisor charges a fee that it sets based on its cost of reinsurance and administration of the program. Franchisor may adjust coverage in its discretion in accordance with good practice and market standards and may also change the fees periodically to adjust to its costs. Fees are assessed based on real estate and leasing transactions.

(ii) If franchisee is not able to participate in Franchisor's group errors and omissions policy due to state mandated requirements that Franchisor's policy does not meet, Franchisee is solely responsible for obtaining errors and omissions coverage that meets both Franchisor's requirements and Franchisee's state's requirements. Franchisee understands that different levels of coverage are required in Colorado, Idaho, Kentucky, Louisiana, Mississippi, Nebraska, New Mexico, North Dakota, South Dakota, and Tennessee, such that Franchisee may need to secure its own coverage if Franchisor's policy does not extend to those states. There may be other states as well where Franchisee need to secure its own coverage. Should Franchisor's policy be extended to include coverage in any of these states, Franchisee will be given sufficient notice to facilitate mandatory enrollment in the group errors and omissions insurance policy.

(iii) If unable to participate in Franchisor's then current mandatory group errors or omissions insurance program pursuant to 9(y)(i) above due to state mandated requirements, then Franchisee shall carry continuously during the Term insurance of the types, in the amounts and with the coverage specified from time to time in the Operations Manual and in any lease between Franchisee and Franchisor and as required by the real estate commission in your jurisdiction. Each policy must (1) be primary and non- contributory; (2) be issued by an insurance company(ies) with a rating of not less than "A(XV)" or better by AM Best in the current Best Insurance Guide or approved by Franchisor; (3) name Franchisor and such Affiliates of Franchisor as Franchisor may designate as "additional insureds" and will

contain an “Additional Insured-Designated Person or Organization” endorsement (or equivalent), without any qualifying language; (4) provide that the insurance cannot be canceled or non-renewed, except upon thirty (30) days advance written notice by carrier to Franchisor; (5) contain a waiver of subrogation rights of the insurer(s) against Franchisor and its designated Affiliates, which waiver will be effective regardless of whether any loss is caused by the act, omission or negligence of Franchisor and its designated Affiliates; (6) will contain a “Waiver of Transfer Rights of Recovery Against Others” endorsement (or its equivalent); (7) provide for full prior acts coverage for leasing, residential and commercial sales for the preceding 5 year period; (8) \$\$500,000 per claim and 1M aggregate annual policy limit per claim; (9) \$1M annual Network Security and Privacy Liability; (11) duty to defend provision; and (12) and provide coverage for real estate services, property management services, escrow agent services, title agent services and cybersecurity. A supplemental policy may be required, to the extent that a policy does not meet these standards.

(iv) furnish Franchisor certificates of insurance, all insurance policy endorsements and a copy of the insurance policy(ies), if requested by Franchisor to prove that such insurance coverage is in effect, both prior to the opening of Franchisee’s United Broker Office and thereafter, as requested by Franchisor (but in no event less than once per calendar year). Renewal insurance certificates of insurance will be delivered to Franchisor thirty (30) days prior to the expiration date of each insurance policy. All deductible amounts on all insurance policies required hereunder will be disclosed in writing to and approved in advance by Franchisor and noted on the applicable insurance certificate. If Franchisee fails to maintain the required insurance, Franchisor may, but will not be obligated to, obtain coverage on Franchisee’s behalf and charge the cost to Franchisee. Franchisee agrees to reimburse Franchisor for the premium costs it incurs to provide such coverage, plus interest as provided in Section 5(f), within ten days after Franchisor submits a statement for its costs.

10. Advertising and Promotions.

(a) **Local Advertising.** Franchisee is not obligated to spend any minimum amount of money on local advertising, but in connection with any local advertising activities, marketing materials not created by Franchisor are subject to Franchisor’s approval, and must be submitted to, and approved by, Franchisor in advance of their distribution, publication or broadcast, and such use must be discontinued upon written notice from Franchisor. In addition, Franchisor reserves the right to approve in advance of use by Franchisee any graphic materials or commercials developed by Franchisee and the media in which they are placed.

(b) **Attendance at the Annual Events.** Franchisee will pay to Franchisor the Annual Event Contribution set forth in the Summary Pages and participate in all annual or other periodic national or regional conventions, rallies or other similar events developed by Franchisor for the United Real Estate Broker Network; provided that Franchisor may condition participation on Franchisee being in compliance with its obligations under this Agreement. In some cases, events may be held virtually. For any Franchisor-hosted national conference for which attendee registration fees apply, Franchisee may earn a post-event rebate. For every registration fee collected and attendance confirmed in excess of 10 non-discounted registrants, Franchisee’s Annual Event Contribution will be rebated 10%, or the cost of registration for the event, per registrant over the confirmed 10 non-discounted registrants, up to a maximum amount of Franchisee’s Annual Event Contribution. Any such aggregated rebate shall not exceed the cost of the registration fee for the event.

11. Concerning the Internet.

(a) **United Website.**

(i) Franchisor has established and plans to maintain the United Website to provide information about the Franchise and the products and services that United Broker Offices offer. Franchisor will have control over the United Website's design and contents, including with respect to the manner in which real estate listings are made available for public view and search. Franchisor will have no obligation to maintain the United Website indefinitely, and may dismantle it (and if dismantled may reinstate it) at any time without liability to Franchisee.

(ii) Franchisor will establish a separate Broker Office Website that identifies Franchisee's United Broker Office by address and telephone number and provides information on Franchisee's Agents. Franchisor will develop, maintain, control and own the URL and any content Franchisor provides for use on the Broker Office Website and Franchisee will execute such form of terms of use agreement and other documentation needed by Franchisor to give effect to this Section, and Franchisee will adhere to any such policies and procedures as a condition to participation and use of the Broker Office Website. Franchisor may dismantle, turn off access or otherwise redirect content on the Broker Office Website as it deems appropriate following the expiration or earlier termination of this Agreement.

(iii) Franchisor will create an Agent Website for Franchisee's Agents that identifies each Agent. Franchisor will develop and maintain the URL for the Agent Website. Any content Franchisor provides for use on the Agent Website may be modified or discontinued by Franchisor, at Franchisor's discretion. Franchisor may dismantle, turn off access or otherwise redirect content on the Agent Website following the expiration or earlier termination of this Agreement or an Agent's departure from Franchisee's United Broker Office.

(iv) Franchisee is free, at Franchisee's own expense, to develop and host a separate office website(s). However, Franchisee is required to keep the websites provided by Franchisor current with accurate agent and area information. If Franchisee chooses to have another unsponsored website(s), it must be properly branded according to Franchisor's guidelines.

(v) Franchisee, without prior written consent of Franchisor, will have no right, license or authority to use any of the Marks on or in connection with the Internet.

(b) United Intranet.

(i) Franchisor has established and will maintain, at its discretion, a so-called intranet through which members of the United Franchise Network may communicate with each other and through which Franchisor may disseminate updates and supplements to the Operations Manual and other information. Franchisor will have no obligation to maintain the United Intranet indefinitely, and may dismantle it at any time without liability to Franchisee.

(ii) Franchisor will establish policies and procedures for the United Intranet's use, and Franchisee will adhere to any such policies and procedures as a condition to participation and use of the United Intranet.

12. Term and Renewal Agreement.

(a) The Franchise will continue for the Term, subject to earlier termination in accordance with Sections 15 and 16.

(b) There is no automatic right of Franchisee to renew the Franchise Agreement upon expiration of the Term. Subject to applicable State law, Franchisor may, in its sole discretion, determine

that it does not wish to renew the Franchise Agreement beyond the initial term and, in such event, Franchisor shall give Franchisee at least 180 days written notice of Franchisor's determination not to renew the Franchise Agreement.

(c) If Franchisor does not give Franchisee written notice of its intent not to renew the Franchise Agreement upon the expiration of the Term, and Franchisee is in full compliance with Franchisee's agreements and obligations under this Agreement, then Franchisee will have the option to enter into one consecutive renewal Franchise Agreement for a term of 10 years by (1) notifying Franchisor in writing of Franchisee's intention to enter into such renewal agreement not earlier than 240 days nor later than 180 days before the then-current Franchise Agreement's scheduled expiration date, (2) signing Franchisor's then-current form of Franchise Agreement (which will define Franchisee's subsequent renewal term rights and the terms of which may be materially different from this agreement, including new and higher fees), (3) executing (and causing all Controlling Principals to execute) a release of all claims against Franchisor, its Affiliates, and their respective officers, directors, shareholders, partners and employees in such form prescribed by Franchisor, (4) not later than 180 days before the then-current Franchise Agreement's scheduled expiration date, completing the remodeling, refurbishing and modernizing of Franchisee's United Broker Office's interior and exterior, including its furniture, fixtures, signs, equipment, Information Systems and Trade Dress, and taking any other actions otherwise required by Franchisor to bring the United Broker Office into full compliance with the Standards Franchisor then stipulates, (5) paying the Renewal Fee, (6) completing to Franchisor's satisfaction such additional training of Franchisee and its employees as Franchisor deems necessary, (7) satisfying all monetary obligations owed to Franchisor and its Affiliates under, or in connection with, this Agreement, and (8) upon request by Franchisor, presenting satisfactory evidence that Franchisee has the right to remain in possession of the United Broker Office premises for the duration of the renewal term.

(d) Franchisee's failure or refusal to comply with any of the conditions to execute a renewed Franchise Agreement term as stated in Section 12(c) will be interpreted as a conclusive, irrevocable election on Franchisee's part not to enter into a renewed Franchise Agreement.

(e) The relationship between Franchisor and Franchisee during the successive (renewal) period will be governed by the provisions of Franchisor's then current Franchise Agreement, including those pertaining to Continuing Fees due under this Agreement, competitive protection and Standards. Whether or not Franchisee actually signs a then current Franchise Agreement, Franchisee will be conclusively presumed to have assented to and to have agreed to be bound by its terms by continuing to operate Franchisee's United Broker Office for one day past the Term's expiration date.

(f) If Franchisee does not qualify to enter into a renewed Franchise Agreement term, or elects not to do so, immediately after expiration of the Term, Franchisee must comply with the requirements of Section 16(a), and Franchisor will have the rights and remedies provided in Section 16.

(g) If Franchisee continues to operate the Franchise after the end of the Initial or any Renewal Term without fully and successfully exercising its right to renew, then, at the sole and exclusive determination of Franchisor, Franchisee shall be deemed to be operating on a month-to-month basis under the terms and conditions of the then current franchise agreement and other agreements then being used for the granting of new franchises, including without limitation, the obligation to pay the then current and applicable renewal fees and Continuing Fees under such then current franchise agreement and other agreements, and the franchise rights may be terminated at any time by the Franchisor upon thirty (30) days written notice. Franchisee agrees that, even if Franchisor permits Franchisee to operate on a month-to-month basis the failure to renew the franchise rights shall constitute an Event of Default under Section 15 of this Agreement, and be grounds for Franchisor exercising the remedies under Section 16 of this Agreement, including termination.

13. Use of Intellectual Property.

(a) **Marks and Copyrighted Materials.** Franchisee acknowledges that Franchisor is authorized by law to prevent the unauthorized use of the Marks, to control the quality of goods and services associated with the Marks, and to control the copying and distribution of the Copyrighted Materials. Recognizing the importance to Franchisor of the protection and preservation of the Marks and Copyrighted Materials, Franchisee agrees to perform and abide by the following provisions:

(i) Franchisee acknowledges that Franchisor is the lawful and rightful owner of each and all of the Marks and the Copyrighted Materials, that Franchisor has the right to use the Marks and to license to Franchisee the right to use the Marks and Copyrighted Materials in accordance with this Agreement, that Franchisee's interest in the Marks and the Copyrighted Materials is solely that of a Franchisee, and that all uses of the Marks and the Copyrighted Materials by Franchisee will inure to the benefit of Franchisor. Franchisee unconditionally disclaims any ownership interest in any of the Marks and the Copyrighted Materials.

(ii) Franchisee will not use "United", any Marks, or any abbreviation, acronym or variation of them as part of its name or as part of the name of any Business Entity in which Franchisee owns or holds an interest. However, Franchisee may, if required by law, file an assumed name or fictitious name certificate to the effect that Franchisee is operating Franchisee's United Broker Office under a trade name that includes the United service mark.

(iii) Franchisee will not use any of the Marks or the Copyrighted Materials in connection with the advertisement, promotion, sale or distribution of any real estate brokerage services or other products or services not listed in Franchisor's authorized products and services list.

(iv) Franchisee will not copy, distribute or otherwise disseminate any of the Copyrighted Materials in violation of the restrictions and limitations imposed by this Agreement.

(v) Franchisee will not use any of the Marks or the Copyrighted Materials in connection with the development or operation of any business (other than Franchisee's United Broker Office) until Franchisor and Franchisee have both signed a Franchise Agreement for the additional United Broker Office or Franchisor has authorized in writing the opening of a Branch Brokerage Office in accordance with this Agreement and the Standards. A request from Franchisee to open a Branch Brokerage Office must include the proposed name it will do business under, the proposed location and opening date of the Branch Office, as well as justification for financial viability.

(vi) Franchisee will (i) adopt and use all additional trade names, trademarks, brand names, copyrighted materials, slogans, commercial symbols and logos Franchisor develops from time to time, (ii) use all the Marks in the precise form Franchisor prescribes, and (iii) observe Franchisor directions regarding the use, copying and distribution of the Copyrighted Materials, the presentation of the Marks and the manner of the Marks' display and use. Franchisee will promptly abandon and discontinue the use of any Mark or Copyrighted Materials as directed by Franchisor for any reason. Franchisee will submit to Franchisor all advertisements and promotional materials not furnished by Franchisor for its approval prior to use and will use no such item unless and until Franchisor provides its approval thereof.

(vii) Franchisee will not use any of the Marks on, or in association with, any real estate brokerage services or other products and/or for any services other than in compliance with the Standards, and with such other quality control measures that Franchisor may adopt from time to time to promote and defend the goodwill associated with the Marks.

(viii) Franchisee will not knowingly permit, and will promptly report to Franchisor, any apparently unauthorized use of a Mark and any apparently unauthorized use or copying of any Copyrighted Materials by any Person, or the use by any Person of a trade name, trademark, service mark or symbol that might be construed as an infringement of any Mark or as unfair competition or passing-off at common law, and will actively cooperate with the Franchisor in the investigation of infringement claims and in discovery and trial proceedings related to infringement actions. Franchisor reserves the right to make the final determination of infringement or other unlawful use, to conduct all legal proceedings relating to the Marks and the Copyrighted Materials, and to compromise or settle all infringement claims.

(ix) At no time will Franchisee make any written or oral admission that a Mark or any of Franchisor's copyrights is in any way invalid or infringes the rights of any Person or is open to any other form of attack, but will promptly notify Franchisor of any allegation of invalidity or infringement of which Franchisee becomes aware. Franchisor intends to defend its rights in the Marks and the Copyrighted Materials vigorously, but does not warrant to Franchisee that Franchisor's ownership of any of them is incontestable or that they do not infringe or conflict with the rights of any third party.

(x) Upon the expiration or termination of the Franchise, all goodwill associated with the Marks and Copyrighted Materials will inure to Franchisor. Further, Franchisee will immediately discontinue all further uses of the Marks and Copyrighted Materials and will take appropriate action to remove the Marks from the premises in which Franchisee's United Broker Office is located, to cancel any advertising relating to Franchisee's use of the Marks or the Copyrighted Materials, including social media postings, yellow pages listings, and to cancel or withdraw any assumed or fictitious name filings covering Franchisee's use of Franchisor's trade name. Franchisee acknowledges and agrees that failure or refusal to comply fully with these requirements will constitute willful trademark and copyright infringement.

(b) **The System, Trade Secrets and Operations Manual.** Franchisee and the Principals acknowledge that the System and the Trade Secrets belong exclusively to Franchisor and that, as between Franchisor, Franchisee and the Principals, the ideas and information in the Operations Manual are Franchisor's sole and exclusive property. Franchisee and the Principals further acknowledge that the unauthorized disclosure or use of any confidential element of the System, any Trade Secret or any other information the Operations Manual contains may adversely affect the business, competitive position and goodwill of Franchisor and its Franchisees. Accordingly, Franchisee and the Principals agree to perform and abide by the following provisions and restrictions, each of which will survive the expiration or termination of this Agreement and will be perpetually binding upon Franchisee.

(i) Franchisee and the Principals will hold the elements of the System, the Trade Secrets and the contents of the Operations Manual in strict confidence, will not disclose any Trade Secret or any operating or management procedure to any Person other than the Managing Principal, Operations Manager, Agents and bona fide employees of Franchisee's United Broker Office to whom such disclosure is necessary in relation to their job duties, and will instruct and routinely remind Franchisee's employees and Agents that the System, the Trade Secrets and the contents of the Operations Manual are confidential and may not be disclosed or appropriated. Franchisee and the Controlling Principals will not disclose any element of the System, any of the Trade Secrets or the contents of the Operations Manual, or make the Operations Manual available, to any other Principal, shareholder, director, officer, partner, member or manager of Franchisee other than its Managing Principal, Operations Manager and other senior executive officers, if any, who are actively and regularly involved in Franchisee's United Broker Office's management.

(ii) Franchisee and the Principals will not use any element of the System, any of the Trade Secrets or the operating, management or marketing procedures the Operations Manual contains in connection with the operation of any establishment or enterprise other than Franchisee's United Broker

Office, and will promptly discontinue use of the System, the Trade Secrets and the operating, management and marketing procedures contained in the Operations Manual contains upon the expiration or termination of the Franchise.

(iii) Franchisee and the Principals will not, without Franchisor's prior written consent, copy or permit any Person to copy or reproduce any part of the Operations Manual and any other printed, graphic or audio/visual item designated by Franchisor as containing Trade Secrets or otherwise permit their use or inspection by any Person other than Franchisee and bona fide employees and Agents of Franchisee's United Broker Office to whom such disclosure is necessary in relation to their job duties, and authorized Franchisor representatives.

(iv) Franchisee and the Principals acknowledge and agree that the version of the Operations Manual on file in Franchisor's offices constitutes the standard, official version for purposes of resolving any question or dispute concerning the Operations Manual's contents.

(v) Upon request by Franchisor, Franchisee will obtain from any managerial level employees of Franchisee's United Broker Office a Confidentiality Agreement and Covenant Not to Compete in substantially the form attached hereto as Exhibit A, or such other form as Franchisor may designate, that is valid and enforceable under the laws of the state in which Franchisee's United Broker Office operates and that imposes the restrictions and limitations of this Section 13(b) on each such individual for the longest period applicable law permits. Each Confidentiality Agreement and Covenant Not to Compete will, at Franchisor's option, designate Franchisor as a party to the Confidentiality Agreement and Covenant Not to Compete or as a third-party beneficiary and will entitle Franchisor to enforce its provisions directly against the signatory managerial level employee.

(vi) Franchisee will keep the Operations Manual and any other printed, graphic or audio/visual item designated by Franchisor as containing Trade Secrets in a safe and secure location at all times and will promptly return them to Franchisor upon the expiration or termination of the Franchise. Franchisee will be provided on loan one copy of the Operations Manual, either in hardcopy or electronically. If Franchisee is provided on loan a hardcopy of the Operations Manual and such hardcopy is lost, destroyed or significantly damaged, Franchisee agrees to pay a replacement fee of \$1,000.

(vii) Franchisee and the Controlling Principals expressly acknowledge that all training materials (including video cassettes and CD-ROM disks) and all computer programs developed by Franchisor or in accordance with its Standards contain information, embody procedures or facilitate business practices that are proprietary to Franchisor and fall within the parameters of its Trade Secrets.

(c) **Internet Domain Name.**

Franchisee and each of the Controlling Principals acknowledge that Franchisor or its Affiliates are the lawful, rightful and sole owners of the Internet domain names and unconditionally disclaim any ownership interest in that phrase or any colorably similar Internet domain name (i) such domain names and any domain names that may be confusingly similar and (ii) the words "United" and any abbreviation, acronym or variation of such words. Franchisee and the Controlling Principals agree not to register any Internet domain name in any class or category that contains the words United or any abbreviation, acronym or variation of those words.

14. Transfers.

(a) **Limitations on Transfer.** Franchisee acknowledges that the integrity of the Franchise and the stability of the United Franchise Network depend on the business qualifications, financial capabilities, honesty and integrity of Franchisor's Franchisees. Consequently, Franchisee agrees not to effectuate a Transfer, except as permitted by this Section 14, and in no event will Franchisee attempt to effectuate any Transfer, without Franchisor's prior written consent. Any Transfer or attempted Transfer lacking Franchisor's prior written consent or that otherwise violates the restrictions in this Section 14 will be null and void, will be ineffective against Franchisor and will constitute a default under Section 15.

(b) **Conditions to Voluntary Transfer of Rights.** Any Asset Transfer by Franchisee or any Principal will be subject to Franchisor's prior written consent, which may be conditioned on, among other things, any or all of the following:

(i) At the time of Asset Transfer, Franchisee, the Controlling Principals and their respective Affiliates are in full compliance with their respective obligations under this Agreement and all other agreements with Franchisor and its Affiliates, including payment of all monetary obligations due Franchisor and its Affiliates.

(ii) The proposed Asset Transfer involves the complete disposition of the Franchise, and Franchisee relinquishes the Franchise and related rights under this Agreement in writing.

(iii) Franchisee returns the Operations Manual and all Copyrighted Materials to Franchisor, including the Standards.

(iv) The transferee meets Franchisor's criteria for qualifying as a new Franchisee.

(v) Franchisee furnishes Franchisor a copy of the contract of sale, including price and payment terms, and Franchisor determines that the transferee will be able to satisfy any debt obligations to Franchisee and still derive a reasonable profit from Franchisee's United Broker Office's operation.

(vi) The transferee executes then current forms of Franchise Agreement (which will limit the term of the transferee's Franchise to the unexpired Term of Franchisee's Franchise and which will supersede the terms of this Agreement) and other collateral agreements Franchisor may then require.

(vii) Franchisee guarantees the performance of the transferee under the new Franchise Agreement for the remaining period of Franchisee's original term length.

(viii) The transferee upgrades Franchisee's United Broker Office to meet Franchisor's then-current Standards for new United Broker Offices.

(ix) The transferee and its Affiliates provides Franchisor a waiver and release with respect to liability for any financial data, earnings claims, representations and other information Franchisee or its representatives provided the transferee.

(x) Each Principal that is deemed a Controlling Principal by Franchisor executes a Personal Guaranty and Controlling Principals' Undertaking.

(xi) The transferee and one or more of transferee's key management personnel satisfactorily complete Franchisor's training program.

(xii) Franchisee pays a Transfer Fee to Franchisor.

(xiii) Franchisee and the Controlling Principals must provide to Franchisor an unconditional, general release of all claims it may have against Franchisor, its Affiliates, and their respective officers, directors, shareholders, partners and employees.

(c) **Involuntary Asset Transfers.** No involuntary Asset Transfer or partitioning of Franchisee's or the Principals' interest in the Franchise or under this Agreement, whether in connection with a bankruptcy, foreclosure, divorce or other proceeding, will be effective against Franchisor unless (1) and until the transferee furnishes Franchisor a signed guaranty under which the transferee agrees to be jointly and severally liable for the payment of Franchisee's monetary obligations under this Agreement, whether or not such obligations are then delinquent, (2) and until the transferee agrees in writing to be personally bound by the confidentiality provisions and restrictive covenants in this Agreement, and (3) the Asset Transfer encompasses Franchisee's and the Principals' total interest in the Franchise and under this Agreement, irrevocably designates and appoints Franchisee to be the transferee's agent and attorney-in-fact with whom Franchisor may deal for all purposes expressed in or contemplated by this Agreement.

(d) **Conditions to Ownership Interest Transfer.** Any Ownership Interest Transfer by Franchisee or any Principal will be subject to Franchisor's prior written consent, which may be conditioned on, among other things, any or all of the following:

(i) At the time of Ownership Interest Transfer, Franchisee, the Controlling Principals and their respective Affiliates are in full compliance with their respective obligations under this Agreement and all other agreements with Franchisor and its Affiliates, including payment of all monetary obligations due Franchisor and its Affiliates.

(ii) Each Controlling Principal of proposed transferee meets Franchisor's criteria for qualifying as a new Franchisee and delivers a signed Personal Guaranty and Controlling Principals' Undertaking.

(iii) If the Ownership Interest Transfer involves Control of the Ownership Interests in Franchisee, the transferees comply with Sections 14(b)(v), 14(b)(vi), 14(b)(viii), 14(b)(ix), 14(b)(x) and 14(b)(xii).

(iv) Franchisee and each of its Controlling Principals must give Franchisor an unconditional, general release of all claims they may have against Franchisor, its Affiliates, and their respective officers, directors, shareholders, partners and employees.

(e) **Waiver of Interference Claims.** Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Franchisee. Franchisee also acknowledges that Franchisor's contact with potential transferees for the purpose of protecting its business interests will not constitute improper or unlawful conduct. Franchisee expressly authorizes Franchisor to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms with the transferee, and to withhold consent to economically questionable transactions. Franchisee waives any claim that action Franchisor takes in relation to a proposed transfer to protect its business interests constitutes tortious interference with contractual or business relationships.

(f) **Special Transfers.**

(i) Franchisor will consent to Ownership Interest Transfers among Franchisee's original Controlling Principals and waive payment of a Transfer Fee and its right of first refusal under Section 14(g) upon its receipt of such documentation and information concerning Ownership Interest Transfer and the resulting ownership of Franchisee as Franchisor may request. The required documentation will include, without limitation, a Personal Guaranty and Controlling Principals' Undertaking signed by each Controlling Principal not having previously executed such documents.

(ii) Franchisee may grant a security interest in this Agreement or the Franchise to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of Franchisee's United Broker Office's operations and may not under any circumstances entitle or permit the secured party to take possession of or operate Franchisee's United Broker Office or to Transfer Franchisee's interest in the Franchise without Franchisor's express prior written consent. The grant of a security interest in a manner consistent with this Section will not be subject to the prohibition in Section 14(a).

(g) **Right of First Refusal.** If Franchisee or the Principal(s) wishes to effectuate a Transfer, pursuant to any *bona fide* offer received from a third party to purchase that interest, then the proposed seller will promptly notify Franchisor in writing of the offer, and will provide any additional information and documentation relating to the offer that Franchisor requires. Franchisor will have the option, exercisable within 45 days after receipt of all written documentation requested by Franchisor describing the terms of the offer, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party.

If an offer from a third party provides for payment of consideration other than cash, Franchisor may elect to purchase the interest proposed to be sold for the cash equivalent. If the parties cannot agree within a reasonable time on the cash equivalent of the non-cash part of the offer, then the cash equivalent will be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations constituting the binding valuation. In the event of an appraisal under this provision, each party will bear its own legal and other costs and will split the appraisal fees equally. If Franchisor elects to purchase the seller's interest, closing on the purchase will occur no later than 60 days after the date Franchisor gives notice to the seller of the election to purchase, provided that Franchisor has received all necessary permits and approvals, or on such other date as the parties agree in writing. If Franchisor exercises its right of first refusal, it may set off all amounts due from Franchisee or any of its Affiliates (including, if applicable, all fees for any appraiser due from Franchisee) against any payment for the interest to be purchased.

A decision of the Franchisor not to exercise the right of first refusal granted by this Section 14(g) will not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section 14, with respect to a proposed Transfer. If Franchisor does not exercise its right of first refusal on any particular offer, any material change in the terms of the offer before closing will constitute a new offer subject to the same right of first refusal by Franchisor as in the case of the initial offer. Failure to comply with the provisions of this Section will constitute a material event of default under this Agreement.

(h) **Purchase Upon Franchisee's Death or Disability.**

(i) This Section 14(h) applies only if (i) an individual Franchisee or a Controlling Principal owning a Controlling Interest in a Business Entity Franchisee dies or becomes Permanently Disabled during the Term, and (ii) the death or Permanent Disability results in a change in executive-level responsibility for managing Franchisee's United Broker Office.

(ii) During the first 120 days after Franchisor receives notice of the death or Permanent Disability, Franchisor will evaluate the new management's willingness and ability to operate Franchisee's United Broker Office in compliance with this Agreement. By the end of the 120-day evaluation period, Franchisor will decide whether the new management is qualified to manage Franchisee's United Broker Office and will notify management of its decision. As conditions to continuing the Franchise relationship, each Controlling Principal must furnish Franchisor a signed Personal Guaranty and Controlling Principals' Undertaking and any deficiency in Franchisee's compliance with the requirements of this Agreement must be cured. Further, Franchisor may require management to attend and satisfactorily complete Franchisor's initial training program.

(iii) If any of the conditions stated in Section 14(h)(ii) are not satisfied, or if Franchisor decides that the new management has not adequately demonstrated its business qualifications or commitment to the Franchise relationship, the remaining Controlling Principals will have 120 days after delivery of Franchisor's notice to (i) locate new management that is acceptable to Franchisor, or (ii) sign a binding contract to sell the Franchise or a Controlling Interest in the Franchise to a buyer approved by Franchisor in accordance with, and in a transaction structured to comply with, Section 14(b) or 14(d), whichever is applicable. The proposed sale will be subject to Franchisor's right of first refusal under Section 14(g).

(iv) If any of the Controlling Principals fail to sign a binding contract of sale before the 120-day selling period expires, or if a contract is signed, but the proposed sale is not concluded within 30 days after Franchisor relinquishes its right of first refusal under Section 14(g), Franchisor will have an additional option during the next 30 days to purchase the interest the deceased or Permanently Disabled person held at the date of death or Permanent Disability. The purchase price for the interest will be its fair market value, determined through negotiations or by appraisal. Unless otherwise agreed by the parties, the purchase price will be payable in cash at closing. If Franchisor delivers written notice of its intention to exercise the option within the 30-day period, the option will be considered effectively exercised whether or not the purchase is actually consummated within the 30-day period.

(v) If the parties fail to agree on a purchase price for the interest within 21 days after delivery of Franchisor's notice, the purchase price will be determined by two appraisers in accordance with the appraisal process specified in Section 14(g).

(i) **Transfer by Franchisor.** Franchisor and any holder of an Ownership Interest in Franchisor may voluntarily, involuntarily, directly or indirectly sell, assign, transfer, license, sublicense, sublease, collaterally assign, grant a security, collateral or conditional interest, intervivos transfer, testamentary disposition or other disposition of all or any part of its rights or obligations under this Agreement or any Ownership Interest in Franchisor to any Person without Franchisee's consent. Specifically, and without limitation to the foregoing, Franchisor may sell its assets, Marks or the System to a third party; may offer its securities privately or publicly; may merge, spin-off, acquire other Business Entities, or be acquired by another Business Entity; may undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Marks (or any variation thereof) or the System from Franchisor to any other party. If Franchisor assigns its rights in this Agreement, such assignment will constitute a novation as to Franchisor and Franchisor will be released from all further liability to Franchisee under this Agreement after the effective date of such transfer, and the transferee will be liable to Franchisee as if it was the original party to this Agreement. Nothing contained in this Agreement requires Franchisor to offer any services or products, whether or not bearing the Marks, to Franchisee if Franchisor assigns its rights in this Agreement.

15. Default.

(a) If any Event of Default occurs, Franchisee will be in default under this Agreement, whether or not Franchisor gives notice of the default. Franchisor's failure to take prompt action with respect to a particular Event of Default will not constitute a waiver of that or any subsequent Event of Default.

(b) Except as otherwise described in this Section, the following are Events of Default that Franchisee may cure by taking appropriate remedial action within the applicable cure period. If Franchisee fails to cure such an Event of Default, Franchisor may terminate the Franchise or take any of the other actions Section 16 permits.

(i) Franchisee fails to pay or expend in full when due any Monthly Agent Affiliation Fees, Monthly Real Estate Transaction Fees, Monthly Lease Transaction Fees and other payments to Franchisor, or any trade account (including shipping charges) payable to Franchisor or its Affiliates, and fails to cure such default by making payment in full, including any applicable interest as provided by this Agreement, within 30 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(ii) Franchisee fails to pay any trade obligation due to a vendor with whom Franchisor or any of its Affiliates does business, as a result of which the vendor withholds or threatens to withhold the sale of goods or services, or withdraws or threatens to withdraw the availability of normal trade terms, to Franchisor, any Franchisor Affiliate or another Franchisee, and fails to cure such default within 30 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(iii) If Franchisee fails to comply with the Business Growth Goals and/or the Business Growth Goals Minimum Fee requirements of this Agreement and fails to cure such default within 30 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(iv) Franchisee fails to fulfill any requirement, to perform any obligation, or to observe any restriction set forth in this Agreement, including without limitation the build-out, relocation and operations at the United Broker Office, or any other condition or restriction contained in this Agreement and not otherwise addressed in this Section and fails to cure such default within 30 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(v) Franchisee or any other Person bound under Section 22 fails or refuses to honor a request for indemnification under Section 17 and fails to cure such default within 10 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(vi) Franchisee or any other Person bound under Section 22 breaches (a) any restriction or obligation set forth in Section 11 or any related terms of use agreement, or (b) any covenant or obligation set forth in Sections 13 or otherwise makes any unauthorized use of a Mark, an item of Copyrighted Materials or an element of the System and fails to cure such default within 10 days after Franchisor notifies Franchisee in writing of the remedial action to be taken.

(vii) The lease for Franchisee's United Broker Office expires or is terminated and Franchisee fails to relocate Franchisee's United Broker Office in accordance with Section 9(g).

(viii) Franchisee or any agent, representative or employee of Franchisee (a) violates any law, rule or regulation in connection with the operation of Franchisee's United Broker Office (including with respect to offering or selling agricultural, hunting, recreational, or other rural lifestyle properties inside or outside the Territory), or (b) fails to obtain, prior to opening, one or more of the licenses, permits or certificates required to operate a United Broker Office in accordance with the Standards, or if such

certificates are suspended or terminated for any reason and fails to cure such default by promptly notifying Franchisor and taking all necessary action as approved by Franchisor to cure such violation within 72 hours after Franchisee receives notice of the violation.

(ix) Franchisee continues to operate the Franchise after the end of the Initial or any Renewal Term without properly exercising its right to renew in accordance with the terms of the renewal provisions of this Agreement.

(c) Following are Events of Default that are irreversible and cannot be cured, and this Agreement will terminate immediately upon notice to Franchisee, unless otherwise indicated below.

(i) Franchisee or any other Person bound under Section 22 fails to observe or comply with the requirements of this Agreement regarding (a) any sale, assignment or Transfer, (b) the non-competition and confidentiality covenants, or (c) any representation, warranty or covenant with respect to terrorist activities and money laundering.

(ii) Franchisee abandons Franchisee's United Broker Office, including without limitation failing to open the United Broker Office during normal business hours on more than three consecutive days, excluding major renovations or remodeling in accordance with a schedule approved by Franchisor.

(iii) Franchisee and/or any Person bound under Section 22 commits or allows to occur three or more Events of Default in any 12-month period.

(iv) Franchisee or any guarantor of Franchisee's monetary obligations to Franchisor becomes insolvent, is adjudicated a bankrupt, voluntarily files a petition for liquidation or reorganization under any provision of the United States Bankruptcy Code, makes an assignment for the benefit of creditors or takes any other action pursuant to any federal or state insolvency statute or a receiver or other custodian is appointed for Franchisee's business or business assets. In such event, this Agreement will terminate automatically and immediately without notice to Franchisee.

(v) Franchisee or one or more of Franchisee's Principals is convicted of or pleads guilty or no contest to a felony or crime involving fraud, sexual harassment, battery, drug possession, moral turpitude or any other crime or offense that that is injurious to the System or the goodwill associated with the Marks.

16. Termination; Other Remedies.

(a) If Franchisee commits or allows an Event of Default to occur and does not cure it before the related remedial period, if any, expires, Franchisor may, at its option, but subject to compliance with applicable statutory notice and/or hearing requirements, either terminate the Franchise and Franchisee's rights under this Agreement or compel Franchisee to sell the Franchised United Broker Office in accordance with Section 16(c). Upon termination or expiration of the Franchise, Franchisee's right and privilege to use the System, the Marks, the Copyrighted Materials, the Trade Secrets and all components of the Operations Manual will absolutely and unconditionally cease. Termination of the Franchise does not relieve Franchisee of its obligation to pay any Continuing Fees owed or which may become due subsequent to closing transactions, the procurement of which was pursuant to Franchisee's use of Franchisor's brand. Upon termination, Franchisee will immediately:

(i) discontinue use of the Marks, the Copyrighted Materials, the System Trade Secrets and all components of the Operations Manual, and permanently remove and delete all such items from Franchisee's Information Systems;

(ii) return to Franchisor the entire Operations Manual and any other printed, graphic or audio/visual item designated by Franchisor as containing Trade Secrets;

(iii) remove from Franchisee's United Broker Office's premises all interior and exterior United Broker Office signs and other uses of the Marks; and

(iv) alter Franchisee's United Broker Office's interior to remove all Trade Dress items and otherwise eliminate the distinctive features of the Franchise.

(b) If Franchisee does not comply with the requirements of Section 16(a) within seven days after the Franchise's termination or expiration, Franchisor may, at Franchisee's expense, enter Franchisee's United Broker Office's premises and effect Franchisee's compliance with all of that Section's requirements, including removal and storage of Franchisee's signs, and alteration or removal and storage of Trade Dress items. Franchisee irrevocably constitutes and appoints Franchisor and its designees as Franchisee's agent and attorney-in-fact to effect compliance with Section 16(a)'s requirements, and Franchisor will have no liability to Franchisee, in trespass or otherwise, on account of or arising from any action it authorizes or takes to effect Franchisee's compliance. In addition, Franchisor will be entitled to injunctive or similar relief, without bond, against Franchisee and any other Person bound under Section 22 to enforce compliance with these requirements.

(c) In lieu of immediately terminating the Franchise in accordance with Section 16(a), Franchisor may demand and require Franchisee to sell Franchisee's United Broker Office and transfer Franchisee's rights under this Agreement to a purchaser acceptable to Franchisor. After Franchisor demands such sale, Franchisee will have no further right or opportunity to cure a default or to reinstate Franchisee's right to continue operating Franchisee's United Broker Office. Except for Franchisor's right to approve a proposed purchaser and to ensure that all Continuing Fees due Franchisor and/or Franchisee's trade creditors are paid at the closing of the sale, Franchisee will be entitled to establish and negotiate the terms of sale. If Franchisee does not execute a binding agreement with an approved purchaser and deliver a copy of such agreement to Franchisor within 90 days after Franchisee receives Franchisor's demand to sell, or does not consummate the sale within 45 days after negotiations are completed, Franchisor may terminate the Franchise under Section 16(a) without further notice. Franchisee acknowledges and agrees Franchisor will not act as a broker for any transaction contemplated by this Section 16(d) and that actions to be taken by Franchisor in connection with approving a transfer pursuant to this Section 16(d) will not make Franchisor a broker for such transfer.

(d) In addition to any other rights and remedies (and in lieu of immediately exercising its rights under Section 16(a)), Franchisor may notify each supplier, distributor or vendor of United Broker Office brand products and merchandise that Franchisee is no longer authorized to purchase these items or any goods imprinted with any of the Marks, and that sales of such merchandise to Franchisee must therefore be discontinued until further notice from Franchisor.

(e) In addition to any other rights and remedies, Franchisor may recover all amounts owed to Franchisor in connection with this Agreement, and trade obligations due Franchisor, plus interest and any late fees under Section 5(f), with or without terminating the Franchise. If any such obligation is referred to an attorney for collection or is collected in whole or in part through a judicial proceeding, Franchisee agrees to pay Franchisor's attorneys' fees and costs of collection, plus a charge for the staff and administrative time Franchisor expends to enforce its claims.

(f) In addition to any other rights and remedies, Franchisor may remove information on Franchisee from the United Website, dismantle or transfer the Broker Office Website, the Agent Websites, cancel Franchisee's account on the United Intranet network and/or deny Franchisee further access to communication via the Intranet, with or without terminating the Franchise.

(g) In addition to any other rights and remedies, Franchisor may obtain injunctive relief, without bond, against Franchisee and/or any other Person bound under Section 22 restraining the unauthorized or violative use of any Mark, item of Copyrighted Materials or Trade Secret, with or without terminating the Franchise.

(h) In addition to any other rights and remedies, Franchisor may recover damages from Franchisee and any other Person bound under Section 22 for the unauthorized use of any Mark and/or Trade Secret or the unauthorized use, copying or distribution of any item of Copyrighted Materials, and for any loss of customer or future Franchisee goodwill in Franchisee's Territory.

(i) In addition to any other rights and remedies and regardless of whether Franchisor purchases Franchisee's United Broker Office, Franchisor will have an option (but no obligation) to purchase all or any part of Franchisee's United Broker Office's signs (not owned by Franchisor), equipment, fixtures, useable inventory, and Franchisee's ownership interest (if any) in Franchisee's United Broker Office premises from Franchisee free and clear of all liens, restrictions or encumbrances, exercisable by giving written notice thereof to Franchisee within 60 days after the Franchise expires or is terminated. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities effecting the assets, contingent or otherwise. The purchase price for signs and equipment will equal their net book value (cost, less depreciation) or fair market value, whichever is lower; the purchase price for useable inventory will equal its invoiced cost to Franchisee; and the purchase price for the premises will be fair market value. Fair market value will be determined by two appraisers, with each party selecting one appraiser, and the average of their determinations constituting the binding market value. Each party will bear its own legal and other costs and will split the appraisal fees equally. The purchase price will be payable in cash (except that Franchisor may assume any note or lease covering signs, equipment or fixtures and any note covering Franchisee's United Broker Office premises). Franchisee agrees to provide Franchisor the information necessary to establish the purchase price, to sign and deliver to Franchisor a deed, bill of sale or an assignment of lease, transfer good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interest acceptable to Franchisor, if any) with all sales and other transfer taxes paid by Franchisee and all licenses and permits of Franchisee's United Broker Office which may be assigned, and otherwise to cooperate with Franchisor in its taking title to and possession and delivery of the items Franchisor purchases. The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price. Franchisor may exclude from the assets purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not necessary (in function or quality) to Franchisee's United Broker Office's operation or that Franchisor has not approved as meeting standards for United Broker Offices, and the purchase price will reflect such exclusions. Additionally, Franchisor has the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts Franchisee or its Principals owe to Franchisor. If Franchisee fails or refuses to comply with its obligations under this Section during the option period, Franchisor's option will be extended until 15 days after Franchisee complies.

(j) In addition to any other rights and remedies, Franchisor or Franchisor's designee will have the option (but no obligation) to assume any lease or sublease for Franchisee's United Broker Office premises. If Franchisor or its designee assumes any lease or sublease for Franchisee's United Broker Office

premises, the assignee must assume all of Franchisee's obligations under the lease from and after the date of assignment, but will have no obligation to pay any delinquent rent or to cure any other default under the lease that occurred or existed prior to the date of the assignment. Franchisee will be solely responsible for any assignment fee or similar charge, or any increase or acceleration of rent under all leases or subleases in connection with an assignment to Franchisor or its designee.

(k) Franchisee shall refrain from announcing to its agents and/or from making publicly known Franchisee's intent to terminate or of its pending termination of this Agreement for a period of thirty (30) days from Notice being given to or by Franchisor. Immediately upon the earlier of the announcement to its agents or ten (10) days prior to the actual termination or non-renewal of this Agreement, Franchisee shall allow other United Real Estate Affiliates to solicit Franchisee's agents for transfer to other operating United Real Estate offices. Franchisee shall assist in effectuating such transfers, and shall permit and facilitate the assignment of the agents' listings and pending transactions to the new United Real Estate Affiliate as the agent's broker.

17. Indemnification.

(a) Franchisee and Controlling Principals, jointly and severally, will, at all times and to the fullest extent permitted by law, indemnify the Indemnified Parties from and defend them against all Losses and Expenses of any of the Indemnified Parties that arise out of or are based upon any of the following:

(i) The operation or condition of any part of the United Broker Office or the site on which the United Broker Office is located, the conduct of real estate business at the United Broker Office by Franchisee and its Agents and any acts or omissions of Franchisee or Franchisee's Agents, employees, representatives or contractors.

(ii) The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of the Principals of any patent, trademark, copyright, or other proprietary right owned or controlled by third parties unless, and to the extent that, the Action is based upon or arises from Franchisee's authorized use of the Marks in strict compliance with the terms of this Agreement.

(iii) The violation or breach by Franchisee or any of the Principals of any law, regulation, ruling or industry standard including but not limited to any national, state or municipal laws governing the offer and sale of real estate brokerage services and related products.

(iv) Franchisee's failure to obtain and maintain the types and amount of insurance coverage set forth in the Operations Manual or otherwise required by Franchisor, including participation in Franchisor's then current group errors and omissions insurance program.

(v) Libel, slander, or any other form of defamation of the Indemnified Parties, the System or any other Franchisee by Franchisee or any of the Principals.

(vi) The violation or breach by Franchisee, or any of its Affiliates or Principals of any warranty, representation, agreement or obligation in this Agreement or other agreement between Franchisee or its Affiliates and one or more of the Indemnified Parties.

(vii) Acts, errors, or omissions of Franchisee, its Affiliates, its Principals, its Agents and their respective owners, officers, employees, agents and representatives in connection with the establishment and operation of the United Broker Office pursuant to this Agreement.

(viii) Any and all encumbrances, liens, assessments, levies, charges, surcharges, demands for payment, taxes or any other liabilities imposed on Franchisor or on or as a result of any payment due to or paid to Franchisor under this Agreement, by any taxing authority or any political subdivision, instrumentality, agency or other body of any governmental or taxing authority.

(b) Franchisee's indemnification obligations in all cases related to any legal action, claim or other adversary proceeding in which Franchisor is named as a defendant or co-defendant as a result of alleged activities by Franchisee.

(c) Franchisee and each of the Principals agrees to give Franchisor immediate notice of any Action subject to indemnification under this Section 17. At the expense and risk of Franchisee and each of the Controlling Principals, Franchisor may elect to control (but under no circumstance is obligated to undertake), and associate counsel of its own choosing with respect to, the defense and/or settlement of any such Action. Such an undertaking by Franchisor will, in no manner or form, diminish the obligation of Franchisee and each of the Controlling Principals to indemnify the Indemnified Parties and to hold them harmless.

(d) In order to protect persons or property or the reputation or goodwill of itself or others, Franchisor may, at any time and without notice, as it deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the Action if, in Franchisor's judgment, there are grounds to believe that:

(A) Any of the acts or circumstances enumerated in Section 17(a) has occurred; or

(B) Any act, error or omission as described in Section 17(a) may result directly or indirectly in damage, injury or harm to any Person or any property.

(e) All Losses and Expenses incurred under this Section 17 will be chargeable to and paid by Franchisee or any of the Controlling Principals pursuant and subject to their respective obligations of indemnity under this Section 17, regardless of any action, activity, or defense undertaken by Franchisor or the subsequent success or failure of that action, activity, or defense.

(f) THE INDEMNIFIED PARTIES DO NOT ASSUME ANY LIABILITY WHATSOEVER FOR ACTS, ERRORS, OR OMISSIONS OF THOSE WITH WHOM FRANCHISEE, ANY OF ITS AFFILIATES OR ANY OF THE PRINCIPALS, MAY CONTRACT. FRANCHISEE AND EACH OF THE CONTROLLING PRINCIPALS WILL HOLD HARMLESS AND INDEMNIFY THE INDEMNIFIED PARTIES FROM ALL LOSSES AND EXPENSES THAT MAY ARISE OUT OF ANY ACTS, ERRORS, OR OMISSIONS OF FRANCHISEE, ITS AFFILIATES AND PRINCIPALS AND ANY SUCH THIRD PARTIES, WITHOUT LIMITATION AND WITHOUT REGARD TO THE CAUSE OR CAUSES OF THE ACTS, ERRORS OR OMISSIONS OR THE NEGLIGENCE (WHETHER THAT NEGLIGENCE IS SOLE, JOINT, OR CONCURRENT, AND WHETHER ACTIVE OR PASSIVE) OR STRICT LIABILITY OF ANY OF THE INDEMNIFIED PARTIES OR ANY OTHER PARTY OR PARTIES ARISING IN CONNECTION THEREWITH, IN CONNECTION WITH THE ESTABLISHMENT AND OPERATION OF THE STUDIO, INCLUDING, BUT NOT LIMITED TO, ANY ACTS, ERRORS OR OMISSIONS OF ANY OF THE FOREGOING IN THE OPERATION OF ANY MOTOR VEHICLE, IN THE ESTABLISHMENT OR IMPLEMENTATION OF SECURITY FOR THE UNITED BROKER OFFICE, IN THE USE OF ANY INTERNET SITE OR INTRANET NETWORK DEVELOPED BY FRANCHISOR, ACTS OF ANY THIRD PARTIES, OR ACTS OR CLAIMS ARISING FROM THIS AGREEMENT.

18. Special Representations, Warranties and Covenants.

(a) Covenants Against Competition.

(i) In consideration of Franchisor's providing operations and management training to Franchisee and disclosing to Franchisee the System and other Trade Secrets, Franchisee and the Controlling Principals covenant and agree that, during the Term, Franchisee and the Controlling Principals will not own or operate, directly or indirectly, or accept employment by or hold an interest in a real estate brokerage or marketing services business that offers residential or commercial real estate services to third parties through any means of distribution, except as a Franchisee of Franchisor, which is located (i) at the United Broker Office Business Address; or (ii) within the Territory, or (iii) within fifty (50) miles of the perimeter of the Territory, or (iv) within fifty (50) miles of the perimeter of the territory of any other United Broker Office; (v) within one hundred and fifty (150) miles of the perimeter of the Territory, or (vi) within one hundred and fifty (150) miles of the perimeter of the territory of any other United Broker Office; or (vii) anywhere in the United States; or (viii) anywhere in the world. Franchisee and the Controlling Principals acknowledge that Franchisee's and the Controlling Principals' covenant not to compete is reasonable and necessary to protect the business and goodwill of the United Franchise Network and to avoid misappropriation or other unauthorized use of the System and Franchisor's other Trade Secrets. Franchisee and the Controlling Principals acknowledge and confirm that Franchisee and the Controlling Principals possess the education, training and experience necessary to earn a reasonable livelihood apart from operating a real estate brokerage business.

(ii) In consideration of Franchisor's providing operations and management training to Franchisee and disclosing to Franchisee the System and other Trade Secrets, Franchisee and Franchisee's shareholders, partners or members, guarantors, and all other persons listed in Exhibit C to this Agreement, will not for a period of one (1) year after the Agreement expires or is terminated, on their own account or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, limited liability company, partnership or corporation, directly or indirectly,

(A) within a ten (10) mile radius of any of Franchisee's offices or within the county(ies) in which the protected Territory is located, whichever area is smaller in terms of population according to the most recent Federal census, own, operate, lease, franchise, conduct or engage in a real estate brokerage business, be connected with, have any interest in or assist any person or entity engaged in any real estate brokerage business, which business (i) is part of or affiliated with a national franchise real estate brokerage system (this clause (i) shall not apply if this Agreement expired at the end of its natural Term), or (ii) in any way operates in a substantially similar manner to the Franchisor's system;

(B) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in the business of selling, managing or servicing real estate franchise organizations, irrespective of whether services are provided directly to the franchising operations or to the system's franchisees;

(C) solicit or induce any person who is, at the time of termination or expiration of this Agreement, serving as a real estate agent with any of Franchisor's United franchisees to stop serving as a real estate agent for that United franchisee;

(D) solicit or induce any person who is, at the time of termination or expiration of this Agreement a franchisee or an equity-holder in any entity which is, at the time of

termination or expiration of this Agreement a franchisee, to terminate or not renew its relationship with Franchisor;

(E) divert or attempt to divert any business or customer of a Franchisee to any competitor; or

(F) do or perform any other act injurious or prejudicial to the goodwill associated with Franchisor's System.

(iii) The parties agree that the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in Section 18(a) 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 and the Principals expressly agree to 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 in and made a part of Section 18(a).

(iv) Franchisee and the Controlling Principals understand and acknowledge that Franchisor will have the right to reduce the scope of any covenant set forth in Section 18(a), or any portion thereof, without their consent, effective immediately upon notice to Franchisee; and Franchisee and the Controlling Principals agree that they will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 28(a) hereof.

(b) **Terrorist and Money Laundering Activities.** Franchisee and the Controlling Principals represent and warrant to Franchisor that neither Franchisee, nor any Principal, nor any of their respective Affiliates is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (currently available at <https://sdnsearch.ofac.treas.gov/>). Further, Franchisee and the Controlling Principals represent and warrant that neither they nor any Principal or Affiliate referred to above has violated, and each of them agrees not to violate, any law prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government, including acts prohibited by the USA Patriot Act (text currently available at http://www.fincen.gov/statutes_regs/patriot/), U.S. Executive Order 13224 of September 23, 2001, as amended (text currently available at <http://www.treasury.gov/resource-center/sanctions/Pages/eolinks.aspx>), or any similar law. The foregoing constitute continuing representations and warranties, and Franchisee and the Controlling Principals will immediately notify Franchisor in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

19. Partial Invalidity. The provisions of this Agreement are severable, and if any provision is held illegal, invalid or unenforceable, the holding will not affect the legality, validity or enforceability of any other provision. Any illegal, invalid or unenforceable provision will be reformed to the minimum extent necessary to render it legal, valid and enforceable and, as so reformed, will continue in full force and effect.

20. Notices. All notices permitted or required to be delivered pursuant to the provisions of this Agreement will be delivered in writing to the address listed on the Summary Pages for Franchisor and to Franchisee's United Broker Office Address for Franchisee or such other address as the parties will specify by written notice, and will be deemed so delivered:

(a) at the time delivered by hand;

(b) 1 day after transmission by email or facsimile (provided that the sender confirms the email or facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within five (5) days after transmission);

(c) 1 day after being placed in the hands of a commercial courier service for next day delivery, provided there is proof of receipt; or

(d) 3 days after placement in the United States Mail by certified mail, return receipt requested, postage prepaid; and must be addressed to the party to be notified at the addresses as described above for Franchisor and Franchisee or such other address as the parties will specify by written notice.

21. Status of Parties. This Agreement is not intended to create, and will not be interpreted or construed as creating, a partnership, joint venture, agency, employment, personal services, fiduciary or other “special” relationship between Franchisor and Franchisee, and no representation to the contrary will be binding upon Franchisor.

22. Binding Effect. This Agreement will be binding upon and inure to the benefit of Franchisor and Franchisee and their respective successors, assigns, executors, heirs and personal representatives. If Franchisee is, or subsequently Transfers the Franchise to, a Business Entity, each Controlling Principal will also be personally and individually bound by the provisions of Sections 9(y), 13, 14, 17, 18, 23, 24 and 25 of this Agreement.

23. Law Governing; Dispute Resolution.

(a) **Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 *et. seq.*), this agreement will for all purposes be governed by and interpreted and enforced in accordance with the Internal laws of the State of Texas, except that its choice of law and conflict of law rules will not apply.**

(b) **WAIVER OF CONSUMER RIGHTS. Notwithstanding 23(a) above, Franchisee and the Controlling Principals agree that the Texas Business Opportunity Act and the Texas Deceptive Trade Practice Act (and any successor laws, rules or regulations thereto) do not apply to the transactions contemplated by this Agreement. By my initials below, I voluntarily waive my rights under the Deceptive Trade Practices-Consumer Protection Act, Section 17.41 *et seq.*, Business & Commerce Code, a law that gives consumers special rights and protections. After consultation with an attorney of my own selection, I voluntarily consent to this waiver.**

(c) The parties mutually agree that Texas will be the exclusive forum in which to adjudicate any Action arising from or relating to this Agreement and any guarantees hereof, undertakings provided hereunder and relationship established thereby. The parties irrevocably submit to the jurisdiction of Texas courts and waive any objections to the jurisdiction of such courts. The parties mutually agree to (i) accept service of process by certified mail addressed to the undersigned at the address set forth herein or (ii) waive the issuance of service thereof, and acceptance or waiver shall have the same force and effect as if citation had been issued and served as provided by law This Agreement was executed and accepted at Franchisor’s principal Texas office, in Dallas County, Texas, and the parties anticipate that the performance of certain of Franchisee’s obligations arising under this Agreement, including training and payment of certain monies due Franchisor, will occur in Dallas County, Texas. The parties mutually agree that the U.S. District Court for the Northern District of Texas, Dallas Division, or if such court lacks jurisdiction or declines or abstains from taking jurisdiction, the state District Courts located in Dallas County, Texas, will be the exclusive venue in which to adjudicate any Action arising from or relating to this Agreement and any guarantees hereof, undertakings hereunder provided and relationship established thereby. The parties mutually agree

that venue is proper in such courts and waive any objections to venue in such courts, including waiver, to the fullest extent permitted by law, of the defense of inconvenient forum. Notwithstanding the foregoing, with respect to any Action which seeks injunctive relief or other extraordinary relief, Franchisor may bring such action in any court of competent jurisdiction.

(d) Except with respect to Franchisee's and each Principal's obligation to indemnify Franchisor pursuant to Section 17 of this Agreement and claims Franchisor brings for Franchisee's unauthorized use of the Marks or unauthorized use or disclosure of any Trade Secrets, the parties waive to the fullest extent permitted by law any right to or claim for any punitive, exemplary, special or consequential damages against the other and agree that, in the event of any Action between the parties, the parties bringing the Action will be limited to equitable relief and to recovery of any direct compensatory damages it sustains; provided, however that Franchisor will have the right to recover lost profits and all applicable liquidated damages afforded under this Agreement in the event of termination of this Agreement.

(e) **Except for an Action arising from Franchisee's nonpayment or underpayment of amounts Franchisee owes Franchisor pursuant to this Agreement, or an Action related to Franchisee's unauthorized use of the Marks, any and all Actions arising out of or relating to this Agreement or the relationship created hereby will be barred unless an Action is commenced within two years and one day after the date on which the party asserting such Action knew or should have known of the facts giving rise to such Action. Notwithstanding the foregoing, with respect to any Actions arising out of or in connection with an Event of Force Majeure, the two years limit on Actions provided for in this Section 23(d) will be extended for a period equal to the extended performance period resulting from the Event of Force Majeure, provided that such period will not exceed 90 days.**

_____ [Franchisee's Initials]

24. Jury Trial Waiver. THE PARTIES HEREBY UNCONDITIONALLY WAIVE THEIR RIGHT TO TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY RELATING TO THE RELATIONSHIP BETWEEN THE PARTIES OR ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR BREACH HEREUNDER. THE PARTIES ACKNOWLEDGE THEIR RIGHT TO A JURY TRIAL, THAT THEY HAVE HAD AN OPPORTUNITY TO CONSULT WITH COUNSEL AND THAT THIS WAIVER IS ENTERED INTO KNOWINGLY AND VOLUNTARILY.

_____ [Franchisee's Initials]

25. Liquidated Damages.

(a) In addition to any other remedies available to Franchisor at law or in equity, Franchisor will be entitled to collect from Franchisee, and Franchisee agrees to pay, liquidated damages as set forth in this Section 25. The parties mutually agree that (i) the harm caused is incapable or difficult of estimation due to unknown variables including timing of termination and extent of Franchisee revenue; and (ii) the damages are a reasonable forecast of just compensation, due to Franchisor's initial investment and extent of Franchisee's year-over-year growth.

(b) If Franchisee unilaterally abandons or requests termination of the Agreement prior to the natural expiration of the Term or Franchisor terminates the Agreement for cause in accordance with Section 16, Franchisor will be entitled to collect from Franchisee, and Franchisee agrees to pay, an amount (based on current franchise fees) equal to twice the sum of the: (1) the highest monthly Agent count since inception of the Franchise Agreement times the Monthly Agent Affiliation Fee times twelve and (2) the highest

trailing twelve-month number of Real Estate Transactions since inception measured at the end of any month end during the term of the Agreement times the Real Estate Agent Transaction Fee.

(c) If after (1) the expiration of the Franchise in accordance with Section 12, or (2) the termination of the Franchise by Franchisor in accordance with Section 16, Franchisee continues to use any of the Marks or element of the System in connection with the continued operation of Franchisee's United Broker Office or otherwise, then, in addition to any other remedies available to Franchisor at law or in equity, Franchisor will be entitled to collect from Franchisee, and Franchisee agrees to pay, Continuing Fees for such use of the Marks and/or the System equal to 200% of the Continuing Fees that Franchisee would otherwise have been obligated to pay under Section 5 with respect to the operations of the United Broker Office.

(d) If Franchisee directly or indirectly opens or participates in the ownership or operation of a business in violation of the covenant not to compete expressed in Section 18(a), then, in addition to any other remedies available to Franchisor at law or in equity, Franchisor will be entitled to receive throughout the term of the covenant, and Franchisee agrees to pay, a monthly fee equal to 25% of the competing businesses' revenues, measured in accordance with same parameters that Continuing Fees are measured under this Agreement.

(e) For any breach of the obligations of Section 9(k), which are made in consideration of the specialized training and Confidential Information described in this Agreement, and due to the difficulty of establishing the precise amount of damages for breach of such obligations, in addition to all other remedies provided for in this Agreement or otherwise available to Franchisor, Franchisee and the Principals who committed such breach jointly and severally agree to pay Franchisor an amount equal to Franchisor's costs and expenses incurred to locate and contract with, including any sales commissions paid, a qualified replacement acceptable to Franchisor and to train that person to replace the departed employee.

(f) Any demand for payment of liquidated damages under this Agreement does not constitute an election of remedies and any payments received will be in addition to and not in lieu of any other remedies available to Franchisor at law or in equity.

26. Condition Precedent. This Agreement will not be binding on Franchisor and no Franchise will be granted unless and until each Controlling Principal designated by Franchisor executes and delivers a Personal Guaranty and Controlling Principals' Undertaking in the form attached as Exhibit B.

27. Miscellaneous.

(a) The term "Franchisee" includes the plural as well as the singular, the masculine and feminine genders, and Business Entities as well as individuals.

(b) This Agreement may not be amended, modified or rescinded, or any performance requirement waived, except by a written document signed by Franchisor and Franchisee. The parties expressly agree that this Agreement may not be amended or modified, or any performance standard changed, by course of dealing or inference from a party's conduct. This provision does not apply to changes in the Operations Manual, which Franchisor may modify unilaterally.

(c) Notwithstanding any contrary provisions contained in this Agreement, Franchisor and Franchisee acknowledge and agree that (a) this Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's explicit rights and obligations hereunder that may affect favorably or adversely Franchisee's interests; (b) Franchisor will use its business judgment in exercising

such discretion based on Franchisor’s assessment of Franchisor’s own interests and balancing those interests against the interests, promotion and benefit of the System and United Broker Offices generally (including Franchisor, and its Affiliates and other Franchisees), and specifically without considering Franchisee’s individual interests or the individual interests of any other particular Franchisee (examples of items that will promote or benefit the System and United Broker Offices generally include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); (c) Franchisor will have no liability to Franchisee for the exercise of its discretion in this manner and (d) even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action will substitute its judgment for Franchisor’s judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF FRANCHISOR TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR’S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR FRANCHISOR’S DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

(d) The following only applies in **California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin**: 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..

28. Franchisee’s Acknowledgments.

(a) Franchisee acknowledges and agrees that this Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreement, understandings, negotiations and discussions, whether oral or written, of the parties hereto; provided that nothing in this Agreement, the Exhibits or any related agreement is intended to disclaim Franchisor’s representations contained in the franchise disclosure document provided to Franchisee in connection with this Agreement. No supplement, modification, waiver or termination of this Agreement will be binding unless executed in writing by the party hereto to be bound thereby. No waiver of any of the provisions of this Agreement will be deemed or will constitute a waiver of any other provisions (whether or not similar), nor will such waiver constitute a continuing waiver unless otherwise expressly provided.

_____ **[Franchisee’s Initials]**

(b) Franchisee acknowledges that no document that Section 27(b) requires will be binding on Franchisor unless it is signed on Franchisor’s behalf by its authorized representative.

_____ **[Franchisee’s Initials]**

(c) Franchisee acknowledges and agrees that this Agreement creates an arm’s length commercial relationship that cannot and will not be transformed into a fiduciary or other “special”

relationship by course of dealing, by any special indulgences or benefits that Franchisor bestows on Franchisee, or by inference from a party's conduct.

_____ **[Franchisee's Initials]**

(d) Franchisee acknowledges and agrees that Franchisee received (i) Franchisor's then current franchise disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising" at least 14 days prior to execution of this Agreement as required by such Trade Regulation Rule and (ii) a fully completed copy of this Agreement at least 7 days prior to execution as required by such Trade Regulation Rule.

_____ **[Franchisee's Initials]**

[COMPLETED AND EXECUTED ON THE FOLLOWING PAGE]

FRANCHISOR:

FIVE D I, LLC,
A Delaware limited liability company

FRANCHISEE:

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

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

EXHIBIT A

CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE

This Confidentiality Agreement (this “Agreement”) is made and entered into this day of _____ between FIVE D I, LLC, a Delaware limited liability company with its principal business address at 2820 NW Barry Road, Kansas City, Missouri 64154 (“Franchisor”), _____, a _____ with its principal business address at _____ (“Franchisee”) and _____, an individual residing at _____ (“Recipient”).

RECITALS

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort and money, has acquired the right to use and license others to use a distinctive System for the development and operation of United Broker Offices that operate under the United Real Estate trade name; and

WHEREAS, the System includes, but is not limited to, the business methods, designs, arrangements and Standards for developing and operating United Broker Offices, including those pertaining to site selection, construction and building design, signage and layouts, equipment, specifications for training, requirements and policies regarding personnel, real estate sales techniques and processes, accounting and financial performance, advertising and marketing programs and information technology, all of which Franchisor may improve, further develop or otherwise modify from time to time; and

WHEREAS, Franchisor’s Confidential Information developed and used in connection with the System provides economic advantages to Franchisor and includes information and know-how not generally known to, and not readily ascertainable by proper means by, Franchisor’s competitors who could obtain economic value from knowledge and use of the Confidential Information; and

WHEREAS, Franchisor has taken and intends to take all steps to maintain the confidentiality and secrecy of the Confidential Information; and

WHEREAS, Franchisor has granted Franchisee the limited right to develop a United Broker Office using the System, the Marks and Confidential Information for the period defined in the Franchise Agreement made and entered into on _____ (“Franchise Agreement”), by and between Franchisor and Franchisee; and

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of the System of restricting the use, access and dissemination of the Confidential Information; and

WHEREAS, it will be necessary for certain personnel, agents, independent contractors, officers, directors, partners and interest holders of Franchisee, or any entity having an interest in Franchisee to have access to and to use some or all of the Confidential Information in the management and operation of Franchisee’s business using the System; and

WHEREAS, Franchisee has agreed to obtain from recipients of Confidential Information written Agreements protecting the System against unfair competition; and

WHEREAS, Recipient wishes to remain, or wishes to become employed by or associated with Franchisee; and

WHEREAS, Recipient wishes and needs to receive and use the Confidential Information in the course of his or her employment or association in order to effectively perform services for Franchisee; and

WHEREAS, Recipient acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Recipient herein;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Recipient expressly acknowledges that Recipient possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Agreement will not deprive Recipient of any personal goodwill or ability to earn a living.

2. Franchisor and/or Franchisee will disclose to Recipient some or all of the Confidential Information relating to the System. As used in this Agreement, “Confidential Information” will include all items contemplated in the Franchise Agreement’s definition “Confidential Information” as well as any and all other information and materials, including, without limitation, any manuals, drawings, specifications, techniques and compilations of data which Franchisor provides to Franchisee and/or Recipient.

3. Recipient will receive the Confidential Information in confidence and will, at all times, maintain them in confidence, and use the Confidential Information only in the course of his or her employment by or association with Franchisee and then only in connection with the development and/or operation by Franchisee of United Broker Offices using the System for so long as Franchisee is licensed by Franchisor to use the System.

4. Recipient will not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor’s written permission.

5. Recipient will not at any time disclose or permit the disclosure of the Confidential Information except to other personnel of Franchisee and only to the limited extent necessary to train or assist other personnel of Franchisee in the development or operation of a United Broker Office using the System.

6. If Recipient has a direct or indirect, legal or beneficial Ownership Interest of any type in Franchisee, including but not limited to (i) in relation to a corporation, the ownership of shares in the corporation; (ii) in relation to a partnership, the ownership of a general partner or limited partnership interest; (iii) in relation to a limited liability company, the ownership of a membership interest; or (iv) in relation to a trust, the ownership of the beneficial interest of such trust, Recipient covenants and agrees that, during the term of the Franchise Agreement, Recipient will not own or operate, directly or indirectly, or accept employment by or hold an interest in a real estate brokerage or marketing services business that offers residential or commercial real estate services to third parties through any means of distribution, which is located (i) at the United Broker Office Business Address; or (ii) within the Territory, or (iii) within fifty (50) miles of the perimeter of the Territory, or (iv) within fifty (50) miles of the perimeter of the territory of any other United Broker Office or (v) anywhere in the United States; or (vi) anywhere in the world. Recipient acknowledges that Recipient’s covenant not to compete is reasonable and necessary to protect the business and goodwill of Franchisor and to avoid misappropriation or other unauthorized use of the System and Franchisor’s Confidential Information. Recipient acknowledges and confirms that Recipient

possesses the education, training and experience necessary to earn a reasonable livelihood apart from operating a real estate brokerage business.

The parties agree that the foregoing covenant will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in Section 6 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, Recipient expressly agrees to 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 in and made a part of Section 6.

Recipient understands and acknowledges that Franchisor will have the right to reduce the scope of any covenant set forth in Section 6, or any portion thereof, without his or her consent, effective immediately upon notice to Recipient; and Recipient agrees that he or she will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 17 hereof.

7. Recipient will surrender any material containing some or all of Franchisor's Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment by or association with Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Recipient.

8. Recipient will not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Confidential Information and the System.

9. All manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor's written consent.

10. Any capitalized terms used but not defined in this Agreement will have the meaning set forth in the Franchise Agreement.

11. Franchisee will make all efforts to ensure that Recipient acts as required by this Agreement.

12. Recipient agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate cure at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor will be entitled to enforce the provisions of this Agreement and will be entitled, in addition to any other remedies which are made available to it at law or in equity (including any right to terminate the Franchise Agreement, as provided therein), to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

13. Recipient agrees to pay all expenses (including court costs and attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

14. Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Recipient will not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Recipient.

15. This Agreement will for all purposes be governed by and interpreted and enforced in accordance with the laws of the State of Texas, without regard to choice of law or conflict of law

principles of any other jurisdiction. Texas will be the exclusive forum in which to adjudicate any claims arising from or relating to this Agreement. Recipient submits to the jurisdiction of Texas courts and waives any objections to the jurisdiction of such courts. Recipient agrees to (i) accept service of process by certified mail addressed to the Recipient at the address set forth herein or (ii) waive the issuance of service thereof, and acceptance or waiver shall have the same force and effect as if citation had been issued and served as provided by law. This Agreement was executed and accepted at Franchisor's principal Texas office, in Dallas County, Texas, and the parties anticipate that the performance of this Agreement, including provision of Confidential Information, will occur in Dallas County, Texas. Recipient agrees that the U.S. District Court for the Northern District of Texas, Dallas Division or, if such court lacks jurisdiction or declines or abstains from taking jurisdiction, the state District Courts located in Dallas County, Texas, will be the exclusive venue in which to adjudicate any claims arising from or relating to this Agreement. Recipient agrees that venue is proper in such courts and waives any objections to venue in such courts, including the waiver, to the fullest extent allowed by law, of the defense of inconvenient forum. Notwithstanding the foregoing, with respect to any claims which seeks injunctive relief or other extraordinary relief, Franchisor may bring such action in any court of competent jurisdiction.

16. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any un-appealed final decision to which Franchisor is a party, Recipient expressly agrees to 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 in and made a part of this Agreement.

17. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

18. For any breach of the obligations of Section 6 of this Agreement, Recipient agrees to pay Franchisor an amount equal to ten percent (10%) of the gross revenues generated by a Competitive Business with which Recipient is associated for a period equal to the duration Recipient is associated with the Competitive Business. Recipient agrees that the harm caused by a breach of Section 6 is incapable or difficult of estimation and the damages set forth in this Section 18 are a reasonable forecast of just compensation, due to unknown variables such as timing of breach, Franchisor's initial investment and Competitive Business revenue. Demand for payment of liquidated damages does not constitute an election of remedies and any payments received will be in addition to and not in lieu of any other remedies at law, in equity, provided for in this Agreement or otherwise available to Franchisor.

19. Jury Trial Waiver. RECIPIENT HEREBY UNCONDITIONALLY WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR IN EQUITY, RELATING TO THE RELATIONSHIP BETWEEN THE UNDERSIGNED PARTIES OR ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR BREACH HEREUNDER. RECIPIENT ACKNOWLEDGES ITS RIGHT TO A JURY TRIAL, THAT IT HAS HAD AN OPPORTUNITY TO CONSULT WITH COUNSEL AND THAT THIS WAIVER IS ENTERED INTO KNOWINGLY AND VOLUNTARILY.

_____ [Recipient's Initials]

20. All notices permitted or required to be delivered pursuant to the provisions of this Agreement will be delivered in writing to the appropriate address listed above for Franchisor and Franchisee (for Recipient, the address listed in this Section) or such other address as the parties will specify by written notice, and will be deemed so delivered:

- a. at the time delivered by hand;
- b. one day after transmission by email or facsimile (provided that the sender confirms the email or facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within five (5) days after transmission);
- c. one day after being placed in the hands of a commercial courier service for next day delivery, provided there is proof of receipt; or
- d. three days after placement in the United States Mail by certified mail, return receipt requested, postage prepaid; and must be addressed to the party to be notified at the address listed above for Franchisor and Franchisee (for Recipient, the address listed in this Section) or such other address as the party will specify by written notice.

If directed to Recipient, the notice will be addressed to:

Attention: _____
Facsimile: _____
Email: _____

21. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and will inure to the benefit of its respective Affiliates, successors and assigns. The respective obligations of Franchisee and Recipient hereunder may not be assigned by Franchisee or Recipient, without the prior written consent of Franchisor. Any assignment or attempted assignment lacking Franchisor's prior written consent or that otherwise violates the restrictions in this Section will be ineffective against Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR:

FRANCHISEE:

FIVE D I, LLC,
a Delaware limited liability company

_____,

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

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

RECIPIENT:

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

EXHIBIT B

PERSONAL GUARANTY AND CONTROLLING PRINCIPALS' UNDERTAKING

In consideration of, and as an inducement to, the execution of the Franchise Agreement dated as of _____, including any appendices and amendments thereto (the "Agreement"), by and between FIVE D I, LLC ("Franchisor") and _____ ("Franchisee"), each of the undersigned Controlling Principals hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the Term of the Agreement and thereafter as provided in the Agreement, that Franchisee will punctually pay and perform the agreements and covenants expressly provided by the terms of the Agreement; and (2) acknowledges that each is included in the term "Controlling Principal" as described in Section 2 of the Agreement and without limiting any guarantee of Franchisee's obligations under the Agreement, jointly and severally makes all of the covenants, representations, warranties and agreements of Controlling Principals set forth in the Agreement and is jointly and severally obligated to perform thereunder for so long as he or she qualifies as a Controlling Principal and thereafter to the extent expressly provided by the terms of the Agreement, including, but not limited to, the covenants, representations, warranties and agreements described in the following sections of the Agreement: Section 14 (regarding Transfer), 17 (regarding indemnification), 18(a) (regarding non-competition and confidentiality) and 23 (regarding governing law and dispute resolution); and (3) represents that each and every representation of Franchisee made in connection with the Agreement is true, correct and complete in all respects as of the time given and as of the time of the undersigned's execution of this Personal Guaranty and Controlling Principals' Undertaking.

Any capitalized terms used but not defined in this Personal Guaranty and Controlling Principals' Undertaking will have the meaning set forth in the Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; (e) notice of any amendment to the Agreement; and (f) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his or her direct and immediate liability under this Personal Guaranty and Controlling Principals' Undertaking will be joint and several; (ii) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses to do so punctually; (iii) such liability will not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability will not be diminished, relieved or otherwise effected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Personal Guaranty and Controlling Principals' Undertaking, which will be continuing and irrevocable until satisfied in full.

Each of the undersigned agrees that Texas will be the exclusive forum in which to adjudicate any case or controversy arising from or relating to the Agreement and this Personal Guaranty and Controlling Principals' Undertaking. Each of the undersigned irrevocably submits to the jurisdiction of Texas courts and waives any objections to the jurisdiction of such courts. Each of the undersigned agrees to (i) accept service of process by certified mail addressed to the undersigned at the address set forth herein or (ii) waive the issuance of service thereof, and acceptance or waiver shall have the same force and effect as if citation

had been issued and served as provided by law. The Agreement and this Personal Guaranty and Controlling Principals' Undertaking were executed and accepted at Franchisor's principal Texas office, in Dallas County, Texas, and the parties anticipate that the performance of certain of Franchisee's obligations arising under the Agreement and this Personal Guaranty and Controlling Principals' Undertaking, including training and payment of certain monies due Franchisor, will occur in Dallas County, Texas. Each of the undersigned mutually agrees that the U.S. District Court for the Northern District of Texas, Dallas Division or, if such court lacks jurisdiction or declines or abstains from taking jurisdiction, the state District Courts located in Dallas County, Texas, will be the exclusive venue in which to adjudicate any case or controversy arising from or relating to the Agreement and this Personal Guaranty and Controlling Principals' Undertaking. Each of the undersigned agrees that venue is proper in such courts and waives any objections to venue in such courts, including the waiver, to the fullest extent allowed by law, of inconvenient forum. Notwithstanding the foregoing, with respect to any case or controversy which seeks injunctive relief or other extraordinary relief, Franchisor may bring such action in any court of competent jurisdiction.

Each of the undersigned further acknowledges and agrees as follows:

Each has read the terms and conditions of the Agreement and acknowledges that the execution of this Personal Guaranty and Controlling Principals' Undertaking is in partial consideration for, and a condition to the granting of the rights to the Marks and the System, and the Franchisor would not have granted such rights without the execution of this Personal Guaranty and Controlling Principals' Undertaking by each of the undersigned;

This Personal Guaranty and Controlling Principals' Undertaking will remain in force notwithstanding the death of the undersigned, and will be binding on the undersigned's personal representatives; and

This Personal Guaranty and Controlling Principals' Undertaking will continue and will be enforceable notwithstanding any change in the name or the constitution of the Franchisor or Franchisee.

Jury Trial Waiver. CONTROLLING PRINCIPALS HEREBY UNCONDITIONALLY WAIVE THEIR RIGHT TO TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR IN EQUITY, RELATING TO THE RELATIONSHIP BETWEEN THE UNDERSIGNED PARTIES OR ARISING UNDER OR IN ANY WAY CONNECTED WITH THE AGREEMENT AND THIS PERSONAL GUARANTY AND CONTROLLING PRINCIPALS' UNDERTAKING OR ANY RIGHT OR BREACH THEREUNDER. CONTROLLING PRINCIPALS ACKNOWLEDGE THEIR RIGHT TO A JURY TRIAL, THAT THEY HAVE HAD AN OPPORTUNITY TO CONSULT WITH COUNSEL AND THAT THIS WAIVER IS ENTERED INTO KNOWINGLY AND VOLUNTARILY.

_____ [Controlling Principal(s) Initials]

Each of the undersigned represents and warrants that the following is a complete and accurate list of all Controlling Principals of Franchisee and a full description of the nature and extent of each Controlling Principal's Ownership Interest in Franchisee. Franchisee, and each Controlling Principal as to his Ownership Interest, represents and warrants that each Controlling Principal is the sole and exclusive legal and beneficial owner of his Ownership Interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Personal Guaranty and Controlling Principals' Undertaking.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Agreement was executed.

**OWNERSHIP INTEREST IN
FRANCHISEE:**

CONTROLLING PRINCIPAL(S):

(Signature)

(Print Name)

EXHIBIT C

OWNERSHIP INFORMATION AND CONTROLLING PRINCIPALS

A. The following is a list of stockholders, partners or other interest holders in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

<u>Name</u>	<u>Percentage of Ownership/Nature of Interest</u>
-------------	---

B. The following is a list of Franchisee’s “Controlling Principals” described in and designated pursuant to the Franchise Agreement, each of whom will execute the Personal Guaranty And Controlling Principals’ Undertaking form set forth in Exhibit B.

EXHIBIT D

**AUTHORIZATION AGREEMENT
FOR PRE-AUTHORIZED PAYMENTS**

Five D I, LLC (“FRANCHISOR”)

The undersigned (“DEPOSITOR”) authorizes FRANCHISOR to initiate debit entries to the Checking Account indicated below at the DEPOSITORY named below, and authorizes DEPOSITORY to debit to such account all entries FRANCHISOR initiates.

DEPOSITORY

NAME _____ BRANCH _____

CITY _____ STATE _____

CHECKING ACCOUNT NO. _____

ROUTING NUMBER _____

DEPOSITOR agrees that this authorization shall remain in full force and effect until DEPOSITOR has given FRANCHISOR written notice of its revocation in such time and in such manner as to afford FRANCHISOR and DEPOSITORY a reasonable opportunity to act on the notice.

DEPOSITOR’S
NAME _____ ID NUMBER _____

DEPOSITOR’S SIGNATURE _____

TITLE OF PERSON SIGNING (if signed in a representative capacity) _____

DATE _____

NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE DEPOSITOR MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE DEBIT ORIGINATOR (FRANCHISOR) IN THE MANNER SPECIFIED IN THE AUTHORIZATION

EXHIBIT E
MAP OF TERRITORY

EXHIBIT F
STATE AMENDMENTS

**AMENDMENT TO FIVE D I, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

The Five D I, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and Five D I, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

CALIFORNIA LAW MODIFICATIONS

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

- a. California Business and Professions Code Sections 20000 through 20043 provide rights to You concerning nonrenewal and termination of the Agreement. The Federal Bankruptcy Code also provides rights to You concerning termination of the Agreement upon certain bankruptcy-related events. To the extent the Agreement contains a provision that is inconsistent with these laws, these laws shall control.
- b. If Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act.
- c. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.
- d. If the Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.
- e. If the Agreement requires litigation, arbitration or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.
- f. If the Agreement requires that it be governed by a state’s law, other than the State of California, such requirement may be unenforceable.

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

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

4. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

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

FRANCHISEE

By _____

Date of execution by Franchisee:

FRANCHISOR

FIVE D I, LLC
d/b/a UNITED REAL ESTATE

By _____

Chief Executive Officer

Date of execution by Five D I, LLC:

PRINCIPALS

**AMENDMENT TO FIVE D I, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF HAWAII**

The Five D I, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and Five D I, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

HAWAII LAW MODIFICATIONS

1. The Hawaii Department of Commerce and Consumer Affairs, Business Registration Division, requires that certain provisions contained in franchise documents be amended to be consistent with Hawaii law, including the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E-6. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. In the event Franchisee does not make timely payment of the fees due to Franchisor, Franchisor may terminate the Franchise Agreement on giving Franchisee written notice of default in payment of the fees due. Franchisee shall have the right to cure this breach within 30 days of notice. On termination, all rights and obligations of the parties to this Agreement shall be as set forth in Section 16 of the Agreement.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Hawaii Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

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

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

FRANCHISEE

By _____

Date of execution by Franchisee:

FRANCHISOR

FIVE D I, LLC
d/b/a UNITED REAL ESTATE

By _____

Chief Executive Officer

Date of execution by Five D I, LLC:

PRINCIPALS

**AMENDMENT TO FIVE D I, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

The Five D I, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and Five D I, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

ILLINOIS LAW MODIFICATIONS

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire or 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[COMPLETED AND EXECUTED ON THE FOLLOWING PAGE]

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

FRANCHISEE

By _____

Date of execution by Franchisee:

FRANCHISOR

FIVE D I, LLC
d/b/a UNITED REAL ESTATE

By _____

Chief Executive Officer

Date of execution by Five D I, LLC:

PRINCIPALS

**AMENDMENT TO FIVE D I, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

The Five D I, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and Five D I, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. This Agreement contains provisions that are inconsistent with the following and such provisions are hereby amended:

- a. This Agreement requires you to assent to a release of claims, estoppel or waiver of liability, to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act or a rule or order under the Act in order to purchase the franchise. Such release, estoppel or waiver shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law (the “Disclosure Law”), and such acknowledgments shall be void with respect to claims under the Law.
- b. This Agreement obligates you to execute a release of claims as a condition to renewal or transfer. Such a release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law, and such release shall be void with respect to claims under the Disclosure Law.
- c. This Agreement requires that litigation be conducted in a forum other than the State of Maryland. However, the requirement shall not be interpreted to limit any rights Franchisee may have under Sec. 14-216 (c)(25) of the Disclosure Law to bring suit in the state of Maryland for claims arising under the Disclosure Law.
- d. This Agreement is hereby amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- e. This Agreement is hereby amended to reflect that the limitations of claims provisions shall not act to reduce the 3-year statute of limitations afforded you for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.
- f. This Agreement is hereby amended to reflect that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

3. Sections 5(a) of the Agreement is hereby amended to include that the Maryland Office of the Attorney General (Securities Division) has determined that due to Franchisor’s financial condition,

Franchisor must defer the payment of all initial fees payable to Franchisor until it has fulfilled all of its material pre-opening obligations to You. Accordingly, notwithstanding anything to the contrary contained in the Agreement, You must pay Franchisor the initial fees payable to Franchisor at the time Franchisor has fulfilled all of its material pre-opening obligations to You.

4. The Franchisor shall not contest the applicability of the Maryland Franchise Registration and Disclosure Law.

5. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

(REST OF PAGE INTENTIONALLY LEFT BLANK)

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

FRANCHISEE

By _____

Date of execution by Franchisee:

FRANCHISOR

FIVE D I, LLC
d/b/a UNITED REAL ESTATE

By _____

Chief Executive Officer

Date of execution by Five D I, LLC:

PRINCIPALS

**AMENDMENT TO FIVE D I, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

The Five D I, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and Five D I, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that Franchisee’s use of the Proprietary Marks infringes trademark rights of the third party. Franchisor does not indemnify against the consequences of Franchisee’s use of the Proprietary Marks except in accordance with the requirements of the Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within 10 days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim, and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
- b. Franchise Act, Sec. 80C.14, Subd. 4., requires, except in certain specified cases, that Franchisee be given written notice of a Franchisor’s intention not to renew 180 days prior to expiration of the franchise and that Franchisee be given sufficient opportunity to operate the franchise in order to enable Franchisee the opportunity to recover the fair market value of the franchise as a going concern. If the Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
- c. Franchise Act, Sec. 80C.14, Subd. 3., requires, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure). If the Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
- d. If the Agreement and/or the Franchise Disclosure Document requires Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act.

- e. If the Agreement and/or the Franchise Disclosure Document requires that it be governed by a state's law, other than the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.
- f. If the Agreement and/or the Franchise Disclosure Document requires Franchisee to sue Franchisor outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.
- g. Minn. Rule 2860.4400J. prohibits Franchisor from requiring You to consent to liquidated damages and prohibits waiver of a jury trial. If the Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Minn. Rule, the provisions of the Agreement and/or the Franchise Disclosure Document shall be superseded by the Minn. Rule's requirements and shall have no force or effect.

2. Each provision of this Agreement and/or the Franchise Disclosure Document shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

[continued and executed on the following page]

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

FRANCHISEE

By _____

Date of execution by Franchisee:

FRANCHISOR

FIVE D I, LLC
d/b/a UNITED REAL ESTATE

By _____

Chief Executive Officer

Date of execution by Five D I, LLC:

PRINCIPALS

**AMENDMENT TO FIVE D I, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

The Five D I, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and Five D I, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Agreement requires Franchisee to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, or any regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.
- b. If the Agreement requires that it be governed by a state’s law, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

(REST OF PAGE INTENTIONALLY LEFT BLANK)

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

FRANCHISEE

By _____

Date of execution by Franchisee:

FRANCHISOR

FIVE D I, LLC
d/b/a UNITED REAL ESTATE

By _____
Chief Executive Officer

Date of execution by Five D I, LLC:

PRINCIPALS

**AMENDMENT TO FIVE D I, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF VIRGINIA**

The Five D I, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and Five D I, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

VIRGINIA LAW MODIFICATIONS

1. The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires that certain provisions contained in franchise documents be amended to be consistent with Virginia law. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Virginia Retail Franchising Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

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

FRANCHISEE

FRANCHISOR

FIVE D I, LLC
d/b/a UNITED REAL ESTATE

By _____

By

Chief Executive Officer

Date of execution by Franchisee:

Date of execution by Five D I, LLC:

PRINCIPALS

**AMENDMENT TO FIVE D I, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON**

The Five D I, LLC Franchise Agreement between _____ (“Franchisee “or “You”) and Five D I, LLC (“Franchisor”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

WASHINGTON LAW MODIFICATIONS

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 to 19.100.940 (1991). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:
 - a. **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.**
 - b. Washington Franchise Investment Protection Act provides rights to You concerning nonrenewal and termination of the Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act shall control.
 - c. If the Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Washington Franchise Investment Protection Act; except when the release is executed under a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. If there are provisions in the Agreement that unreasonably restrict or limit the statute of limitations period for claims brought under the Act, or other rights or remedies under the Act, those provisions may be unenforceable.
 - d. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
 - e. If the Agreement requires that it be governed by a state’s law, other than the State of Washington, and there is a conflict between the law and the Washington Franchise Investment Protection Act, the Washington Franchise Investment Protection Act shall control.
 - f. 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.

- g. 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.
- 2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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

FRANCHISEE

FRANCHISOR

FIVE D I, LLC
d/b/a UNITED REAL ESTATE

By: _____

By: _____
Chief Executive Officer

Date of execution by Franchisee:

Date of execution by Five D I, LLC:

PRINCIPALS

EXHIBIT C

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS

CALIFORNIA

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7505 or (866) 275-2677
Website: <http://www.dfpi.ca.gov/>
Email: Ask.DFPI@dfpi.ca.gov

HAWAII

Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
302 West Washington, Room E-111
Indianapolis, Indiana 46204

MARYLAND

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Office of the Attorney General
Consumer Protection Division
Antitrust and Franchise Section
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48913

MINNESOTA

Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

NEBRASKA

Nebraska Department of Banking and Finance
1200 N. Street
P.O. Box 95006
Lincoln, Nebraska 68509-5006

NEW YORK

NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st Fl
New York, NY 10005
212-416-8222

NORTH DAKOTA

North Dakota Securities Department
600 East Boulevard Avenue,
State Capitol, 14th Floor, Dept 414
Bismarck, ND 58505-0510
701-328-4712

OREGON

Director
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND

Franchise Administrator
Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre SD 57501

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

WASHINGTON

Securities Division,
Department of Financial Institutions,
PO Box 41200, Olympia, WA 98504-1200

WISCONSIN

Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701 or
201 W. Washington Avenue
Madison, Wisconsin 53703

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7505 or (866) 275-2677
Website: <http://www.dfpi.ca.gov/>
Email: Ask.DFPI@dfpi.ca.gov

HAWAII

Commissioner of Securities
Department of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204

MARYLAND

Securities Commissioner
Office of the Attorney General
Maryland Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Department of Labor & Economic Growth
Commercial Services and Corporations Bureau
611 W. Ottawa Street
Lansing, Michigan 48909

MINNESOTA

Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

NEW YORK

Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue,
State Capitol, 14th Floor, Dept 414
Bismarck, ND 58505-0510
701-328-4712

OREGON

Director
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND

Director of Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98503
360-902-8736

WISCONSIN

Commissioner of Securities
201 W. Washington Avenue
Madison, Wisconsin 53703

EXHIBIT D

SAMPLE FORM OF GENERAL RELEASE

GENERAL RELEASE

_____ a _____, whose address for the purpose of this Release is _____ (“Franchisee”), _____, a(n) _____, whose address for the purpose of this Release is _____, and _____, a(n) _____, whose address for the purpose of this Release is _____ (collectively, “Franchisee’s Principals”), for good and other valuable consideration, hereby release and forever discharge Five D I, LLC, a Delaware limited liability company having its principal place of business at 2820 N.W. Barry Road, Kansas City, Missouri 64154 (“Company”), its parent, its affiliates, and their respective heirs, successors, members, shareholders, representatives, assigns, agents, employees, officers and directors (“Designees”), of and from any claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action of every nature, character and description, known or unknown, vested or contingent, that Franchisee or any of Franchisee’s Principals now own or hold, or has at any time heretofore owned or held, or may at any time own or hold against Company and its Designees, arising prior to and including the date of this Release, including, without limitation, any such claims that Franchisee or any of Franchisee’s Principals may have against Company and its Designees (i) arising under any agreement between Franchisee and its Principals and Company and its Designees, except those surviving the termination of that certain Franchise Agreement dated _____ between Franchisee and Company (the “Franchise Agreement”), and any settlement agreement related to its termination, (ii) arising from the parties’ conduct during the term of the Franchise Agreement, and (iii) arising under federal, state and local laws, rules or ordinances, including, but not limited to, federal and state franchise and deceptive trade practice laws; provided that (1) this General Release shall not act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law and (2) this 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.

IN WITNESS WHEREOF the parties have executed and delivered this General Release on this _____ day of _____.

FRANCHISEE

FRANCHISEE’S PRINCIPALS

[Name of Entity if Franchise is a business Entity]

Print Name: _____

By: _____

Title: _____

Print Name: _____

EXHIBIT E

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United Franchise Operations Manual
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Total pages – approximately 48

EXHIBIT F

LIST OF FRANCHISEES/LIST OF FORMER FRANCHISEES

List of Current Franchisees

Contact information for our franchisees is below:

***means that the franchisee's Broker Office was not yet open as of December 31, 2023**

Arizona

Bob Russo
1662 W. Hunt Highway, Ste. 102
San Tan Valley, AZ 85142
Phone: 623-340-5493

Louis & Christine Parrish
3275 W. Ina Rd., #255
Tucson, AZ 85741
Phone: 520-329-2040

Louis & Christine Parrish
7600 E Redfield, Suite 175
Scottsdale, AZ 85260
480-750-9200

Arkansas

Melissa Bond-Keil
315 Rock St., #1401
Little Rock, AR 72202
Phone: 501-690-0665

California

Johnson Yang
855 Towne Center Drive
Pomona, CA 91767
Phone: 909-445-8178

Raul Pelayo
8345 E. Firestone Blvd, Ste. 320
Downey, CA 90241
Phone: 951-970-3317

Rita Rodriguez
17011 Beach Blvd., Ste. #230
Huntington Beach, CA 92640
Phone: 951-443-9265

James & Kristin Long
5560 Ruffin Road, Ste. #3
San Diego, CA 92123
Phone: 619-500-2020

Jonathan Takach & Cameron Miller
2200 El Portal Drive, #37
Bakersfield, CA 93309
Phone: 1-800-811-5961

Jim Long
5095 Murphy Canon Rd., Ste. 100
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***means that the franchisee's Broker Office was not yet open as of December 31, 2023**

List of Former Franchisees

Below is a list of the franchisees that operated a United Broker Office of the type offered in this Disclosure Document who were terminated, not renewed, or voluntarily or involuntarily ceased to do business under a franchise or other agreement during our last fiscal year. No franchisee that operates a United Broker Office of the type offered in this Disclosure Document failed to communicate with us during the 10 weeks preceding the date of this Disclosure Document.

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EXHIBIT G
STATE ADDENDA

**NASAA ADDENDUM TO FIVE D I, LLC
DISCLOSURE DOCUMENT
FOR THE NASAA FRANCHISE REGISTRATION STATES**

Required NASAA Statement. The following only applies in *California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin*:

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

**ADDENDUM TO FIVE D I, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

a. **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.**

b. Item 3 is amended to reflect that:

Neither United nor any person 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.

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

Based upon our financial condition, the California Department of Financial Protection and Innovation has imposed a fee deferral requirement. Accordingly, you will not be required to pay the initial fees due to us and/or our affiliates until we have completed all our pre-opening obligations to you and you begin operating your franchise business.

d. Item 17 is amended by the addition of the following language:

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.

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 covenants not to compete which extend beyond expiration or termination of the Agreement. These provisions may not be enforceable under California law.

The California Corporations Code, Section 31125 requires United to give you a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

If the Franchise Agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires the application of the laws of Texas. This provision may be unenforceable under California Law.

You must sign a general release if you renew or transfer your franchise. California Corporations Code Sec. 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). California Business and Professions Code Sec. 20010 voids a waiver of your rights

under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement contains a provision requiring litigation to occur in Texas. This provision may not be enforceable under California Law. 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.

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.

- e. OUR WEBSITE 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.
- f. 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.
- g. United grants franchises for the operation of a real estate brokerage and/or auctioneer business (the “Broker Office”). If the Broker Office conducts any real estate brokerage activity (see California Business and Profession Code, §10012), the manager of such real estate brokerage business must hold a California Real Estate Broker license. The real estate broker license need not be held in the name of the individual or company owning the Broker Office as long as this business is managed by a person or company holding a California real estate broker license. To obtain such license, an individual or the manager for a corporation must meet (i) statutory threshold experience and training conditions; (ii) requirements concerning the applicant’s honesty and truthfulness; (iii) furnishing of fingerprints; (iv) passage of written examination; (v) fees; and (vi) certain educational requirements. Please see California Business and Professions Code, §§ 10130, et, seq. for details for grant of issuance of a broker license by the California Department of Real Estate. Real Estate broker licenses are valid for 4 years. In connection with renewal, the renewing real estate broker must have successfully completed a minimum continuing education programs.
- h. Although there are no California State law requirements concerning the operation of a real estate auction business only, in many cases franchisees conducting real estate auctions will be doing so in connection with a personal property auction. Section 1812.600, et seq of Ann. Cal. Civ. Code regulates the conduct of personal property auctions. In order to conduct a personal property auction, an auctioneer must post a surety bond or make a cash deposit with the California Secretary of State. Further requirements concerning the auctioneer’s relationship with the owner of the property, the advertising and dissemination of procedures for the auction, record keeping and segregation of funds and other handling of auction proceeds are found in § Ann. Cal. Civ. Code 1812.600.

- i. You are responsible for determining any licensing that may be required for your franchise business and for obtaining the necessary licensing from the California Department of Real Estate or other California regulatory agency for such business. The above discussion of licensing necessary to conduct a Broker Office business in California is only **preliminary** and you and/or your attorney should carefully review California Law regarding operation of a real estate brokerage and auction business to determine whether you need to hold, and will be able to obtain, the required California licenses.

If you currently hold a California real estate broker license, you must notify the California Department of Real Estate to reflect your new Broker Office name.

Municipality or local laws in California may require additional licensing or otherwise restrict your conduct of a Broker Office business. You and/or your attorney should review these matters in connection with the establishment of your Broker Office and conduct of business in California.

- j. 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 FIVE D I, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII**

1. **THESE FRANCHISES WILL BE/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 REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES 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 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR 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.

**ADDENDUM TO FIVE D I, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire or 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

**ADDENDUM TO FIVE D I, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

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

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 of the Disclosure Document is amended to reflect that any general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability or claims under the Maryland Franchise Registration and Disclosure Law resulting from the offer or sale of the franchise.

3. Item 17 of the Disclosure Document is amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. Item 17 of the Disclosure Document is amended to state that you may sue in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Item 17 of the Disclosure Document is amended to state that any provision in the Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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

**ADDENDUM TO FIVE D I, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA**

1. The following is added to Item 17 of the Disclosure Document:

Under Minnesota law and except in certain specified cases, we must give you 90 days' notice of termination with 60 days to cure. We also must give you at least 180 days' notice of its intention not to renew a franchise, and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Agreement is inconsistent with the Minnesota law, the Minnesota law will control.

To the extent that any condition, stipulation or provision contained in the Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with the Minnesota Franchises law, such condition, stipulation or provision may be void and unenforceable under the nonwaiver provision of the Minnesota Franchises Law.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Specifically, we cannot require you to consent to us obtaining injunctive relief, however, we may seek such relief through the court system.

Minn. Rule 2860.4400J prohibits us from requiring you to assent to a general release. To the extent that the Agreement requires you to sign a general release as a condition of renewal or transfer, the Agreement will be considered amended to the extent necessary to comply with Minnesota law.

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

**ADDENDUM TO FIVE D I, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK**

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 A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. Item 3 of the Disclosure Document is supplemented by the following language:

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 Rev. March 17, 2021 2 injunctive or restrictive order relating to any other business activity as a

result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”: You may terminate the agreement on any grounds available by law. 5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

6. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship

**ADDENDUM TO FIVE D I, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17 of the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended as follows:

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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

**ADDENDUM TO FIVE D I, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON**

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. 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.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. 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.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. 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.

7. 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.

8. 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. The description of Liquidated Damages for Breach of Post-Termination Obligations in Item 6 is revised and replaced with the following:

<p>Liquidated Damages for Breach of Post-Termination Obligations</p>	<p>100% of the Continuing Fees that you would otherwise have been obligated to us with respect to the operations of the United Broker Office if still a franchisee.</p>	<p>On demand</p>	<p>Payable if you breach your post-termination obligations after the expiration or earlier termination of the Franchise Agreement.</p> <p>Continuing Fees means all Monthly Agent Affiliation Fees, Monthly Real Estate Transaction Fees, Monthly Lease Transaction Fees, Business Growth Goals Minimum Fees and other continuing payments payable under the Franchise Agreement.</p> <p>See Washington State Addendum.</p>
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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
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Not Applicable
Rhode Island	Pending
South Dakota	Not Applicable
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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.

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 Five D I, LLC offers you a franchise, Five D I, LLC must provide this Disclosure Document to you at least 14 calendar days before you sign a binding agreement or make any payment to Five D I, LLC or an affiliate in connection with the proposed franchise sale. Under Michigan law, Five D I, LLC must provide this Disclosure Document to you 10 business days before you sign any contract or make any payment relating to the franchise relationship. Under New York and Rhode Island law, Five D I, LLC must provide this Disclosure Document to you at the earliest of the first personal meeting or 10 business days before you sign any contract or make any payment relating to the franchise relationship.

If Five D I, 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 or the appropriate state agency listed in Exhibit C.

The name(s), address(es) and telephone number(s) of the franchise seller(s) is(are): M. Daniel Duffy, Rick Haase (each at 2820 N.W. Barry Road, Kansas City, Missouri 64154 and (816) 420-6200) and the following persons (if listed): _____

Date of Issuance: July 12, 2024

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

I have received a Franchise Disclosure Document dated July 12, 2024. This Disclosure Document includes the following Exhibits:

- Exhibit A Financial Statements
- Exhibit B Franchise Agreement (including state amendments)
- Exhibit C State Administrators/Agents for Service of Process
- Exhibit D Sample Form of General Release
- Exhibit E Table of Contents of Manuals
- Exhibit F List of Franchisees/List of Former Franchisees
- Exhibit G State Addenda

Date

Prospective Franchisee

Print Name

[KEEP THIS COPY FOR YOUR RECORDS.]

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Date

Prospective Franchisee

Print Name

[Please sign and date this copy and return it to us.]