

THE FRANCHISE RELATIONSHIP		
Provision	Section in Agreement	Summary
m. Conditions for our approval of transfer	Sections 15.5 and 15.7 of the Franchise Agreement	The following conditions apply to a Transfer of the Franchise (as defined under Section 15.4): Current compliance by you with Franchise Agreement; transferee meets our standards for new franchisees; transferee agrees to abide by current Franchise Agreement or signs new franchise agreement (as we have the right to determine); payment of \$5,000 transfer fee; signing by you of a general release; you pay or transferee assumes any outstanding indebtedness you owe us; an audit of your operations; you purchase tail coverage on your errors and omissions insurance policy naming us as an additional insured.
n. Our right of first refusal to acquire your business	Section 15.8 of the Franchise Agreement	We have the right to match any offer; we have the right to substitute cash for any payment method set out in offer and we have 120 days from option exercise date to complete transaction. Our credit is deemed equal to that of any buyer.
o. Our option to purchase your business	None	Not applicable.
p. Your death or disability	Section 16.2.3.3 and 16.2.5 of the Franchise Agreement; Section 1 of the Location Addendum; Section 1 of the Term Extension Addendum	We have the right to terminate the Franchise Agreement if the estate does not seek approval for Transfer of the Franchise within 180 days after your death or incapacity in accordance with the Franchise Agreement. If a majority owner dies or becomes disabled, you may elect to terminate the Franchise Agreement if certain conditions are satisfied.
q. Non-competition covenants <u>during</u> the term of the franchise	Sections 20.1 and 20.3 of the Franchise Agreement	No involvement in any other real estate brokerage business other than the Business or any Excluded Business; and no ownership interest in or receive compensation from, and will not directly or indirectly participate in the operation in or ownership of or receive compensation from any business that provides or seeks to provide equipment, supplies, services or other operating materials to other franchisees or our Related Parties and their respective franchisees without our prior written consent (<u>subject to applicable state law</u>).

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r. Non-competition covenants <u>after</u> the franchise is terminated or expires	Section 20.4 of the Franchise Agreement	For start-up companies, for a period of one year after the expiration or termination, neither you nor your Owners, officers or your guarantors, or any of the immediate family members of the Owners, officers or guarantors, (collectively, the “Restricted Parties”) will, directly or indirectly, through ownership or otherwise, engage in any real estate brokerage business from the Offices <u>(subject to applicable state law)</u> .
s. Modification of the Agreement	Section 18 of Franchise Agreement	We have the right to change the Sotheby’s International Realty® System and the procedures as set out in the P&P Manual, so long as we do not change any material obligation under the Franchise Agreement. Any other change requires both our signatures.
t. Integration/merger clause	Section 22.14 of the Franchise Agreement	Only terms of Franchise Agreement, Exhibits, Addenda, and all agreements signed in connection with it are binding (subject to state law). Any representations or promises made outside this disclosure document and Franchise Agreement, Exhibits, Addenda, and all agreements signed in connection with it may not be enforceable. Our integration/merger clause does not disclaim the representations in this disclosure document.
u. Dispute resolution by arbitration or mediation	None	Not applicable.
v. Choice of forum	Section 22.6 of the Franchise Agreement	Subject to state law, non-exclusive venue in Morris County, New Jersey or U.S. District Court in New Jersey.
w. Choice of law	Section 22.5 of the Franchise Agreement	Subject to state law, New Jersey law applies (except New Jersey Franchise Practices Act does not apply to offices located outside of New Jersey).

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote the sale of franchises.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The Federal Trade Commission’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