

EXHIBIT G

**AGREEMENT MODIFYING WINDERMERE REAL ESTATE FRANCHISE
LICENSE AGREEMENTS**

This "Agreement" is entered into as of December 18, 2012 by and among Windermere Real Estate Services Company, a Washington Corporation (referred to herein as "WSC"); Windermere Services Southern California, Inc., a California corporation ("Area Representative"); Bennion & Deville Fine Homes, Inc., a California corporation dba Windermere Real Estate Coachella Valley and/or Windermere Real Estate SoCal, and Bennion & Deville Fine Homes SoCal Inc., dba Windermere Real Estate SoCal (collectively referred to herein as "B&D"). The above-named persons and/or entities are sometimes collectively referred to as "the Parties".

Recitals

WSC entered into a Windermere Real Estate License Agreement with Bennion & Deville Fine Homes, Inc. dated August 1, 2001. Area Representative was not a party to that original license agreement, but was subsequently added as a party by subsequent addenda thereto.

WSC and Area Representative entered into a Windermere Real Estate Franchise License Agreement with Bennion & Deville Fine Homes SoCal, Inc., dated March 29, 2011:

These agreements, as previously amended, are hereby collectively referred to as the "License Agreements." The Parties hereto desire to modify certain terms and conditions of the License Agreements.

Wherein an individual named Gary Kruger previously filed a lawsuit in Washington State Superior Court bearing case number 05-2-34433-4 SEA naming Windermere Real Estate Northeast, Inc., George Rudiger, Joan Whittaker and Windermere Real Estate Services Company alleging misrepresentation and/or other causes of action.

Wherein subsequent to the dismissal of the aforementioned lawsuit, Mr. Kruger and/or associates of Mr. Kruger have continuously engaged in an anti-marketing campaign against Windermere Real Estate Services Company and its franchisees including the utilization of web-based information and various website postings targeting Windermere (see www.windermerewatch.com and www.windermerewatch2.com).

Wherein B&D believe that Windermere Watch has resulted in significant lost revenue to B&D.

Wherein the Parties contend that Mr. Kruger and/or others' actions through the Windermere Watch websites violate State (California & Washington) and/or federal laws.

Wherein through this Agreement, the Parties further intend to modify the terms and conditions of the License Agreements, as well as that certain Promissory Note dated

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December 31, 2008 in the original principal sum of \$465,308.37, executed by Bennion & Deville Fine Homes, Inc. as Maker.

NOW, THEREFORE, for and in consideration of the promises and terms set forth herein, the undersigned Parties agree as follows:

TERMS & CONDITIONS

1. **Incorporation of Recitals.** The above recitals are incorporated herein by reference.

2. **Benefit of Counsel.** The Parties acknowledge that they have had the opportunity to and have in fact obtained the advice of legal counsel prior to entering into this Agreement. Each of the Parties hereto executes this Agreement with full knowledge of its significance and with the express intention of affecting its legal consequences.

3. **Consideration.** In consideration for the full and timely performance of each of the terms and conditions of this Agreement in the manner prescribed herein, the Parties agree to the following:

A. **Windermere Watch:** WSC agrees that it shall make commercially reasonable efforts to actively pursue counter-marketing, and other methods seeking to curtail the anti-marketing activities undertaken by Gary Kruger, his Associates, Windermere Watch and/or the agents of the foregoing persons. Such efforts may include litigation, at WSC's discretion. WSC shall pay all attorney's fees, costs, and other third party fees and costs associated with addressing Windermere Watch as contemplated herein. WSC shall seek input, suggestion and confer with B&D prior to taking action(s) regarding Gary Kruger and Windermere Watch. WSC covenants that it shall indemnify B&D and its directors, officers, owners and shareholders in any demand, action, proceeding, mediation, arbitration, lawsuit and/or Complaint of any nature whatsoever asserted by Gary Kruger, his Associates, Windermere Watch and/or the agents of the foregoing persons. Said indemnity includes the payment of Attorney's Fees and other costs/fees necessary to defend B&D, and its directors, officers, owners and shareholders and/or the payment of any judgment, settlement and/or award against the foregoing Parties. The indemnity shall not apply however to any claims arising from actions by B&D, or any of its shareholders, officers, directors or agents, which were not authorized in advance by WSC. B&D acknowledges that WSC has not and cannot guarantee any particular outcome of the efforts contemplated herein. The failure of WSC to eliminate windmerewatch.com shall not constitute a breach of this Agreement, so long as WSC has made commercially reasonable efforts to curtail the impact of the activities of Kruger and/or windmerewatch.

B. **Waiver of Unpaid Franchise & Technology Fees:** WSC and Area Representative hereby agree to waive and forgive Past Due Franchise Fees, and Technology Fees owing under the License Agreements in the sum total of

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\$1,151,060. A detailed breakdown of the amounts forgiven is attached as Exhibit A, and the amounts waived are summarized as follows:

(i) **Promissory Note:** Waiver and forgiveness of the complete unpaid balance remaining from original note dated December 31, 2008 including all past due fees and accrued interest with a present balance left of \$399,960.00.

(ii) **Franchise & Technology Fees for Bennion & Deville Fine Homes SoCal Inc., dba Windermere Real Estate SoCal:** Waiver and forgiveness of all Past Due Franchise and Technology Fees as well as all related charges for late fees and/or interest through March 31, 2012 in the amount of \$191,025.00 including any accrued late fees, interest and/or claims for recapture of previously discounted fees.

(iii) **Franchise & Technology Fees for Bennion & Deville Fine Homes, Inc., dba Windermere Real Estate Coachella Valley:** Waiver and forgiveness of all Past Due Franchise and Technology Fees as well as all related charges for late fees and/or interest through March 31, 2012 in the amount of \$560,075.00 including any accrued late fees, interest and/or claims for recapture of previously discounted fees.

C. Ramp up and Payment of Fees for April 2012 through present. In addition, WSC and Area Representative agree to grant B&D a temporary reduction in Ongoing Franchise License Fees for a period of eight months. The "ramp up" reduction shall be applied retroactively as follows:

| Months | Discount |
|---------------------------|----------|
| April and May 2012 | 90% |
| June and July 2012 | 75% |
| August and September 2012 | 50% |
| October and November 2012 | 25% |

Effective with fees for December 2012 (due in January 2013), Ongoing Franchise Fees shall revert to the full amount with no discount. WSC and Area Representative acknowledge that B&D has already paid fees for April through July 2012, inclusive, with the discounts applied. In consideration of the accommodations granted herein, B&D agrees to pay all fees for August through November 2012 to WSC and/or Area Representative no later than December 31, 2012. A detailed breakdown of the amounts owing through October is attached hereto as Exhibit A, but B&D acknowledge this does not include fees for November 2012 which have not yet been reported.

D. Limitation & Cap Regarding Future Technology Fees:
Bennion & Deville Fines Homes, Inc., dba Windermere Real Estate Southern

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California and/or Windermere Real Estate Coachella Valley and Bennion & Deville SoCal Inc., dba Windermere Real Estate SoCal collectively shall be required to pay no more than a total \$25,000 per month of Technology Fees for a period of five years from the date of execution of this Agreement by all Parties. Said fees are to be calculated on the basis of \$25.00 per Agent.

E. Five Year Term From B&D: In exchange for consideration contained within Sections 3, B-C inclusive, and subject to Section 3, E herein, B&D covenant to remain as Windermere Real Estate franchisees for five years from the date of execution of this Agreement by all Parties. This term shall automatically expire in the event WSC becomes insolvent, files bankruptcy, fails to maintain proper licensing as required by State and/or Federal Regulations (provided that expiration of WSC's license(s) to sell new franchises in California shall not be considered such a failure for purposes of this Agreement), sells more than 50% of its interest in WSC or assigns the day-to-day administration and/or management of WSC's activity to any other entity without approval of B&D and/or if it is adjudicated that WSC has committed a material, uncured breach of this Agreement.

F. Liquidated Damages Clause: In the event B&D terminates its franchise with WSC prior to the expiration of five years from the date of execution of this Agreement by all Parties, the waiver and forgiveness as set forth within Sections 3, B (i)-(iii) shall be pro-rated against the total elapsed years from said date (including any increment thereof) on a straight line basis with no additional interest and/or other accrued fees.

G. Personal Guarantee. WSC and Area Representative agree that neither Robert L. Bennion nor Joseph R. Deville shall be personally liable for any of the amounts forgiven and/or waived pursuant to Sections 3, B (i)-(iii) above. All prior personal guarantees of said amounts are hereby released. The personal guarantees set forth in the License Agreements, and prior addenda thereto, shall continue to apply to amounts that become due and owing under the License Agreements on or after April 1, 2012.

4. Warranty of Non-Reliance. Each Party hereto represents and warrants that they have selected and retained their own experts and consultants to inspect, analyze and advise them regarding the nature, extent and cause of the alleged problems which are the subject of the this Agreement. Each Party further represents and warrants that they are not relying upon any representation, opinion, conclusion, recommendation or estimate expressed by or provided by any other Party and/or any other Party's experts or consultants.

5. Warranty of Non-Assignment. Each Party hereto represents and warrants that it has not sold, transferred, conveyed, assigned or hypothecated any of the rights, claims, or causes of action for the payments contemplated within Section 3, B (i)-(iii) herein.

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6. **No Admission of Liability.** The Parties acknowledge that the execution of this Agreement restructures previous obligations as to and between the Parties but said Agreement shall at no time and in any manner to be considered as an admission of liability or responsibility on the part of any Party.

7. **Attorney's Fees.** Notwithstanding the term contained within Section 3, A herein pertaining to the payment of attorney's fees and costs regarding Gary Kruger and Windermere Watch, the Parties hereto acknowledge and agree that each of them are to bear their own costs, expenses and attorney's fees arising out of or connected with the negotiation, drafting and execution of this Agreement, except that, in the event any action is brought by any Party hereto to enforce this Agreement the prevailing Party shall be entitled to reasonable attorney's fees and costs in addition to all other relief to which the Party or those Parties may be entitled.

8. **Construction of Agreement.** This Agreement shall be construed in accordance with its fair meaning, the captions being for the convenience of the Parties only and not intended to describe or define the provision in the portions of the Agreement to which they pertain. Each Party has agreed to the use of the particular language of the provisions of this Agreement, and any question of doubtful interpretation shall not be resolved by any rule of interpretation providing for interpretation against the Party who causes an uncertainty to exist or against the draftsman. The Parties further agree that Civil Code Section 1654, or any similar common law or equitable principle, is not applicable to this Agreement. Therefore, the terms of this Agreement have been freely negotiated by the Parties and this Agreement shall not be construed against any other Party or drafter. Nothing in this Agreement shall affect in any way those certain Loan Agreements, Promissory Notes and related documents between Robert L Bennion and Joseph R. Deville as Borrowers, and CARMED, LLC or Washington Loan Company, Inc. as Lenders.

9. **Governing Law.** This Agreement is made and entered into in the State of California and shall in all respects be interpreted, enforced, and governed under the laws of the State of California. By signing this Agreement, the Parties select Riverside County Superior Court -- Main in Riverside, California, and/or U.S. District Court located in Los Angeles, California as the proper and sole venue for any action filed to enforce, construe, or interpret this and/or any previous agreement(s) between the Parties.

10. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Parties and each of their respective heirs, executors, administrators, trustors, trustees, beneficiaries, predecessors, successors, assigns, partners, affiliates and related entities, officers, directors, principals, agents, servants, employees, representatives, and all persons, firms, associates and/or corporations connected with them including without limitation their insurers, sureties, and attorneys.

11. **Severability.** If any provision, or any part thereof, of this Agreement shall for any reason be held to be invalid, unenforceable or contrary to public policy or any law, then the remainder of this Agreement shall not be affected thereby.

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12. **Effective Date.** The Parties hereto deem this Agreement to be signed as of the latest day, month and year on which a Party executes this Agreement.

13. **Notices.** Communications between the parties to this agreement must be in writing and must be delivered personally, sent by first class mail, by facsimile, or by Federal Express to the following addresses:

If to WSC: Geoffrey P. Wood, CEO
Windermere Real Estate Services Company
5424 Sand Point Way NE
Tel: (206) 527-3801
Fax: (206) 526-7629
E-Mail: gwood@windermere.com

If to B&D: Joseph R. Deville, President
Bennion & Deville Fine Homes, Inc.
71691 Highway 111
Rancho Mirage, CA 92270
Tel: (760) 770-6801
Fax: (760) 770-6951
E-Mail: bdeville@windermereocal.com

A party may change the listed address by written notice to the others. Communications are effective when actually received.

14. **Counterparts.** This Agreement may be executed in several counterparts and all so executed shall constitute one agreement, which shall be binding upon all parties hereto, notwithstanding that all Parties' signatures do not appear on the same page. If an original signature is affixed by a Party to a counterpart of this Agreement, and a facsimile and/or electronic file (such as a "pdf" or "tif" file as attached to an e-mail) of such originally executed counterpart signature is thereafter telecopied or e-mailed to a Party or Parties' attorneys of record, the telecopied facsimile or e-mail shall be afforded the same validity as the originally executed counterpart, and may be relied upon by all Parties for any and all purposes relating to the Agreement.

15. **Confidentiality.** The terms of the Agreement include information of a proprietary and/or confidential nature. The Parties expressly understand and agree that it shall constitute a breach of the Agreement to disclose the terms of the same except to the Parties' attorneys and/or accountants or as may be required under a Court Order, subpoena and/or pursuant to an action to enforce the terms of the Agreement.

16. **Entire Agreement.** The Parties hereto have entered into this Agreement after extensive review and discussion. The Parties have incorporated the sum and substance of all such discussions and representations leading up to this Agreement within this document. As such, this Agreement constitutes the entire agreement to modify any previous obligations between the Parties hereto and as such, there are no other representations, agreements or promises, either written or oral, either as an inducement to

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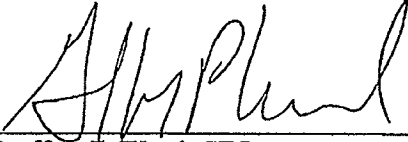
enter into this Agreement or as to its meaning or effect, which are not contained herein. It is the Parties' intent that any ambiguity or conflicting term between this Agreement and any other document or other agreement between the Parties shall be construed such that the terms within this Agreement supersede, control and take priority over any such conflicting term.

17. **Warranty of Authority.** Each individual executing this document on behalf of any Party represents that he/she has been authorized by said Party to execute this document, and does so execute this document on behalf of said Party.

18. **Amendment.** This Agreement may only be modified if the modification is in writing and is signed by the Party against whom enforcement is sought.

Party Signatures:

Dated: Dec. 21, 2012



Geoffrey P. Wood, CEO
Windermere Real Estate Services Company

Dated: _____, 2012

Joseph R. Deville, President
Bennion & Deville Fines Homes, Inc., dba
Windermere Real Estate Coachella Valley and/or
Windermere Real Estate SoCal; and Bennion &
Deville Fine Homes SoCal Inc., dba Windermere
Real Estate SoCal

Dated: _____, 2012

Robert L. Bennion, Officer
Bennion & Deville Fines Homes, Inc., dba
Windermere Real Estate Coachella Valley and/or
Windermere Real Estate SoCal; and Bennion &
Deville Fine Homes SoCal Inc., dba Windermere
Real Estate SoCal

Dated: _____, 2012

Joseph R. Deville, President
Windermere Services Southern California, Inc.

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Party Signatures:

Dated: _____, 2012

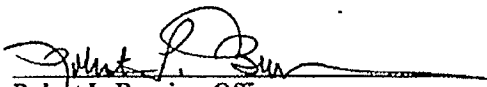
Geoffrey P. Wood, CEO
Windermere Real Estate Services Company

Dated: 12-20, 2012




Joseph R. Deville, President
Bennion & Deville Fines Homes, Inc., dba
Windermere Real Estate Coachella Valley and/or
Windermere Real Estate SoCal; and Bennion &
Deville Fine Homes SoCal Inc., dba Windermere
Real Estate SoCal

Dated: 12-20, 2012



Robert L. Bennion, Officer
Bennion & Deville Fines Homes, Inc., dba
Windermere Real Estate Coachella Valley and/or
Windermere Real Estate SoCal; and Bennion &
Deville Fine Homes SoCal Inc., dba Windermere
Real Estate SoCal

Dated: 12-20, 2012

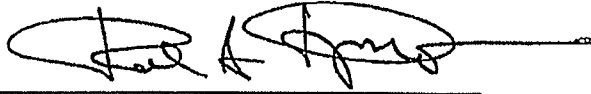


Joseph R. Deville, President
Windermere Services Southern California, Inc.

Agreement to Modify Windermere Real Estate License Agreements

Approved for Form:

Dated: Dec-21, 2012



Paul S. Drayna, WSBA#26636
General Counsel for Windermere Real Estate
Services Company

Dated: _____, 2012

Robert J. Sunderland, Esq.
Sunderland | McCutchan, LLP
Counsel for Bennion & Deville Fines Homes, Inc.,
dba Windermere Real Estate Coachella Valley
and/or Windermere Real Estate SoCal; and Bennion
& Deville Fine Homes SoCal Inc., dba Windermere
Real Estate SoCal

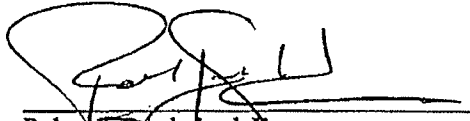
Agreement to Modify Windermere Real Estate License Agreements

Approved for Form:

Dated: _____, 2012

Paul S. Drayna, WSBA#26636
General Counsel for Windermere Real Estate
Services Company

Dated: 21 December, 2012



Robert J. Sunderland, Esq.
Sunderland McCutchan, LLP
Counsel for Bennion & Deville Fines Homes, Inc.,
dba Windermere Real Estate Coachella Valley
and/or Windermere Real Estate SoCal; and Bennion
& Deville Fine Homes SoCal Inc., dba Windermere
Real Estate SoCal

EXHIBIT H

From: Bob Deville
Sent: Wednesday, July 31, 2013 11:35 AM
To: 'Geoff Wood'; Paul Drayna (pdrayna@windermere.com)
Cc: 'bbennion@windermersocal.com'; attny-Robert Sunderland (rsunderland@sunmclaw.com)
Subject: FW: VoiceMail_1375217617536.3gp
Attachments: VoiceMail_1375217617536.3gp; ATT00001.txt

Geoff and Paul,

We continue to get bombarded with the same negative campaign against Windermere in the Desert, at the Coast and in our San Diego markets.

addressing this issue needs to be made a priority. There has been nothing forthcoming from Seattle on this matter and I respectfully mention again we feel this is a responsibility of the Franchisor to protect its brand and the brand we are selling.

I was on another conference call yesterday with our new San Diego owners Brian Gooding and Rich Johnson concerning this matter. They say it is directly affecting their recruiting ability and as a result of this negative campaign from Windermere Watch it has prevented them from getting agents. I am experiencing the same problem in Orange County as well as the desert. I do not know if it is because of our size, more visible in the type of advertising and marketing we do or the personal success of Bennion & Deville in Southern CA and Seattle but it is coming at us from many sides. These guys are attaching Bennion & Deville's association with Windermere directly as well.

The postcard campaign is hitting our San Diego Windermere clients again and other real estate companies are using it every way possible to retain their agents that may be thinking about joining Windermere. They are also using Windermere Watch as a way retain sellers that want to transfer listings to Windermere.

Attached is a recent phone conversation from an Owner using Windermere Watch against us and he is not the only owner or company doing taking this approach.

The information on line on the Windermere web site that we have as a comeback is not enough to overcome this continuing problem.

Bob Deville
Broker/Owner
Windermere Real Estate Southern California A Division of Bennion & Deville Fine Homes, Inc.

-----Original Message-----

From: rrj2020@gmail.com [mailto:rrj2020@gmail.com]
Sent: Tuesday, July 30, 2013 3:47 PM
To: Bob Deville
Subject: VoiceMail_1375217617536.3gp

Bob;
Here is the voicemail message.

Rich

EXHIBIT I

From: Geoff Wood <gwood@windermere.com>
Sent: Thursday, January 16, 2014 5:27 PM
To: Bob Deville; OB Jacobi
Cc: bbennion@windermeresocal.com; attny-Robert Sunderland
(rsunderland@sunmclaw.com)
Subject: RE: Advertising in the Puget Sound Business Journal

Bob,

I received your Fed Ex regarding your concerns about the 'Rat Man'. I believe it has been about a year since we had a discussion with Tim Pestotnik and we decided that there was nothing we could do about the 'Rat Man' from a legal standpoint and that any negotiation attempts would be fruitless.

We talked about using SEO to minimize his presence. York spoke with your SEO expert about how he was handling your SEO for your domains and felt he was doing all that he could do.

Believe me, I'd love to have this prick go away but he's not a bigger fish that we can fry.

Best,
Geoff

From: Bob Deville [<mailto:bdeville@windermeresocal.com>]
Sent: Monday, January 13, 2014 9:24 PM
To: Geoff Wood; OB Jacobi
Cc: bbennion@windermeresocal.com; attny-Robert Sunderland (rsunderland@sunmclaw.com)
Subject: RE: Advertising in the Puget Sound Business Journal

No Problem

Just getting through emails top to bottom

Since we are not advertising in the PSBJ in the desert any longer and phasing out its use in Seattle, it is a moot point regardless of the offer to run ads without your approval. This last incident crossed the line with us unfortunate as it is. Sometimes ideas, policies and advertising/marketing mandates need to be reviewed and tweaked based on the current and always changing market place and growing competition. Especially in a market where market share is being lost and "Number One" Windermere agents are continually being personally and directly targeted with negative campaigns because of their association with Windermere on the internet and mail system by outside entities. I am referring to Windermere Watch as one example. As you state "Our brand is one area where we do set rules" one would think when the Brand is attacked as viciously as it has been and continues to be by outside forces the Franchisor would do any and everything necessary to right the wrong. Just seems a serious flaw in priorities to us, censoring an ad vs. an all-out national slander campaign. If as much attention to protecting the Brand was directed at the larger issues maybe the censoring of our ads would be somewhat understandable.

Guess the saying "there are bigger fish to fry" is a perfect adage in this case.

Bob & Bob

Bob Deville
Broker/Owner
Windermere Real Estate Southern California
A Division of Bennion & Deville Fine Homes, Inc.

From: Geoff Wood [mailto:gwood@windermere.com]
Sent: Monday, January 13, 2014 1:19 PM
To: Bob Deville
Cc: Bob Bennion; Jill Wood; Geoff Wood
Subject: Advertising in the Puget Sound Business Journal

Bob,

Given the nature of our industry it has always made more sense to have as few rules as necessary; it's better to nudge than mandate. Our brand is one area where we do set rules. And Noelle and her marketing department take our standards very seriously.

Locally we've made the conscious decision to not say we're "number one." We don't do it from an institutional standpoint and we've discouraged it amongst our affiliates and their brokers.

When Robyn saw the draft of your last ad she noticed the language touting Bob Bennion as "number one." She suggested alternative language which you chose to ignore. Robyn asked the Business Journal to keep us apprised of future ads you intended to run. Apparently you forbade the Business Journal from letting us see any future advertising drafts.

I'm not sure how Mike from the Business Journal came up with the 'cease and desist' language. It could be that our marketing department asked Paul if we have any legal say in this arena. I know that Paul would have said, "Yes." This may have been translated to Mike. I don't think the Business Journal should be demonized; they're in an awkward position.

When we were able to connect on Friday I had no idea that Mike had called and what he said.

The purpose of my call was to explain that the use of "number one" creates problems for me locally. I'd appreciate that you not use this language in ads you run here.

Best,
Geoff

EXHIBIT J

FRANCHISE DISCLOSURE DOCUMENT

Windermere Real Estate Services Company
A Washington Corporation d/b/a Windermere Services Company
5424 Sand Point Way NE, Seattle, WA 98105
Phone: (206) 527-3801
www.windermere.com/company/join_us



Windermere franchisees use the Windermere Trademarks and Windermere System in providing real estate brokerage services to customers who wish to buy, sell or lease real property.

The total investment necessary to begin operation of a Windermere Real Estate franchise is \$266,000 to \$1,151,000. This includes \$25,000 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Windermere's General Counsel at the address and phone number shown above.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: April 18, 2013

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. Call the state franchise administrator listed in Exhibit D for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF CORPORATIONS NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

Effective Date: May 10, 2013

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Exhibits:

- A. Audited Financial Statements
- B. Franchise Agreements
- C. List of Windermere Offices
- D. State-Specific Information
- E. Technology Fees
- F. California Addendum

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

Franchisor. Windermere Real Estate Services Company (“WSC”) is a Washington corporation with a principal business address of 5424 Sand Point Way NE, Seattle, Washington, 98105.

WSC has been the franchisor for Windermere Real Estate since 1983, and has no predecessors within the past ten years. WSC has no parent entities.

The names under which WSC conducts business are: Windermere Services Company, Windermere Services, Windermere Real Estate, and Windermere.

WSC’s agents for service of process are identified on the attached Exhibit D.

Affiliates. The following entities (all of which, except as noted below have a principal business address of 5424 Sand Point Way NE, Seattle, WA 98105) are under common control with WSC, and provide services to Windermere franchisees:

- The Windermere Foundation is a tax-exempt charitable Washington nonprofit corporation which provides funding to other organizations, primarily to address the problems of homeless and low-income families and children.
- Vintage Loans, LLC is a Washington limited liability company which offers short-term purchase “bridge loans” to the buyer clients of Windermere real estate agents, and also offers short term loans to allow sellers to make improvements to property they are preparing to list for sale. Only available in Washington.
- Windermere Solutions, LLC is a Washington limited liability company which develops, sells and services technology systems and tools for WSC, its franchisees and their agents. Its principal place of business is located at 815 Western Avenue, Suite 400, Seattle, WA 98104.
- Relo, LLC is a Washington limited liability company doing business as Windermere Relocation and Referral Services. The company works with national relocation companies to direct referrals to and from Windermere agents nationwide. Its principal place of business is 301 NE 100th Street, Suite 200, Seattle, WA 98125.
- Windermere Referrals, LLC is a Washington limited liability company and licensed real estate firm which permits retired or former agents in Washington to keep their real estate licenses active for the sole purpose of receiving referral fees.
- WNHS, LLC is a Washington limited liability company doing business as Windermere Builder Solutions. The company provides real estate brokerage services to builders for the marketing and sale of new construction residential properties, and also operates a referral network to connect Windermere agents with builder clients.

Business and Franchises Offered. The sole business activity of WSC is to offer franchises to operate Windermere real estate brokerage offices using the Windermere Real Estate name and trademarks. WSC does not directly operate any real estate brokerage offices, and is not engaged in any other business activity. However, some principals and officers of WSC do have ownership interests in one or more Windermere franchisees, which do operate brokerage offices.

Windermere franchisees are in the business of rendering real estate brokerage services, primarily to buyers and sellers of residential real estate. Some Windermere franchisees also engage in commercial real estate brokerage, and/or property management services. The real estate brokerage business is a developed market, with sales primarily to a certain group – namely individuals or businesses interested in buying, selling or leasing real estate. In some areas the market for real estate brokerage services may be seasonal.

The real estate brokerage industry is heavily regulated. In most states real estate brokerage businesses – and/or their principal brokers - must be licensed to engage in rendering real estate brokerage services. Licensing laws vary from state to state, but in general require you to be or employ a licensed real estate broker and use only licensed real estate agents, and to comply with additional state laws and regulations. Other state laws may further regulate or affect the real estate brokerage industry, such as laws governing condominiums, timeshares, manufactured and mobile homes, and environmental laws and regulations. Similarly, there are federal laws and regulations which affect the real estate brokerage industry, including without limitation the Real Estate Settlement Procedures Act (RESPA), Federal Fair Housing laws and regulations, and environmental laws and regulations. Local (city and county) ordinances may also affect real estate brokerage businesses, such as by limiting the size and placement of “for sale” signs, open house signs, etc. This is not intended to be an exhaustive summary of laws, regulations and ordinances that may affect the industry and is not intended as legal advice. WSC strongly urges you to consult with your own attorney regarding laws that apply to you and your business.

You will be competing with other real estate brokers, some of whom may be affiliated with other regional or national real estate brokerage franchise systems, including without limitation John L. Scott, Coldwell Banker, RE/Max, Century 21, Keller Williams, ERA, Sotheby’s, Better Homes & Gardens, Real Living, GMAC Real Estate, in addition to independent real estate brokerage firms not affiliated with any franchise system.

Prior Business Experience. Although one or more officers of WSC are licensed real estate brokers or former brokers, and in those capacities have had experience operating a business of the type you will be operating, WSC itself has never directly conducted a real estate brokerage business. WSC has offered franchises of the type you will be operating since 1983. There have not been any offered franchises in other lines of business.

Item 2: Business Experience

The information that follows identifies the directors, officers and other executives of WSC who will have management responsibility relating to the sale and operation of franchises offered in this document.

John W. Jacobi: Founder, Director, and Chairman of the Board. In 1972, John Jacobi formed Windermere Real Estate Company and purchased an existing real estate office with eight agents in the Seattle neighborhood of Windermere. After growing his company to five offices he formed WSC in 1983 to begin selling franchises. He has held the position of Chairman of the Board in Seattle, WA since the company's founding.

James H. Shapiro: Director and Vice Chairman of the Board. Jim Shapiro was the first employee of WSC in 1983. He served as CEO from 1995 until his retirement in 2003. Since 2003 he has served as Vice Chairman of the Board in Seattle, WA, and remains a key advisor in strategic business decisions.

Geoffrey P. Wood: Chief Executive Officer. Geoff Wood joined WSC in Seattle, WA in 1995 as Vice President. He became President of WSC in 1999, and was promoted to CEO in 2003. Wood received his Master of Business Administration from the University of Washington, and a bachelor's degree from Whitman College. Before joining WSC Wood served in senior management of Windermere Real Estate Company, and also worked in the residential construction industry.

Jill Jacobi Wood: Director and President. Jill Jacobi Wood has been working in the real estate industry for more than twenty-five years. She began working for Windermere Real Estate Company as a teenager and was appointed its President and Designated Broker in 2003, overseeing all operations of its Seattle offices. She has been a Director of WSC since 1994, and in 2007 she moved to WSC full time as its President. She now oversees the company-wide Client Services Division, serves on the Board of the Windermere Foundation, and serves as the Designated Broker of Windermere Referrals, LLC, all in Seattle, WA.

John O. "OB" Jacobi: Director. OB Jacobi has been a Director of WSC since 1994, and now oversees Windermere Solutions, LLC, in Seattle, WA, developing technology tools and services for the Windermere System. He has served as President and Designated Broker of Windermere Real Estate Company since December 2007, overseeing all operations of six offices and 300+ agents in the Seattle area. Prior to becoming President of Windermere Real Estate Co. he had served as its Vice President since 2003. He also serves on the board of the Windermere Foundation and Trulia.

Noelle Bortfeld: Chief Marketing Officer. Noelle Bortfeld joined WSC in Seattle in 2009 as Executive Vice President of Marketing. Prior to joining WSC she was a Senior Marketing Consultant at Extra Mile Marketing in Bellevue, WA, from 2008-August 2009; Vice President of Marketing and Sales at Full Tank Foods in Seattle, WA from 2007-2008; and Vice President of Operations at Business Internet Services & Topia Technology, in Tacoma, WA, from 2000-2007. She has been working in marketing and advertising since 1986, and holds a business degree with marketing concentration from Santa Clara University.

Paul Drayna: General Counsel and Secretary. Paul Drayna joined WSC as in-house General Counsel in Seattle in 2007. Prior to joining WSC he owned his own firm, Paul Stephen Drayna, P.S. in Seattle from 2001 to 2007, and had served as WSC's outside general counsel since 2003.

He is a graduate of the University of Wisconsin Law School, and is a member of the Washington State Bar Association.

Michael Fanning: Vice President-Client Services. Michael Fanning joined WSC in Seattle, WA in 1996. He is responsible for assisting with the growth of the Windermere brand. He has in-depth understanding in the technology world and is a certified Ninja Selling instructor. His responsibilities include expanding the network of Windermere offices and consulting with owners, agents, and managers to develop recruitment, business, and longevity programs while incorporating education of the technical side of the tools Windermere provides.

Charles Painter: Vice President – Client Services. Charles “Chip” Painter joined WSC in Seattle in 2004. He supports Western Washington offices in developing awareness and knowledge of the tools and resources offered by Windermere. Chip is also the general manager of Windermere Relocation and Referral Services, and is responsible for developing both corporate relocation and broker-to-broker referrals for Windermere brokers in Washington and Oregon. Prior to joining Windermere he had served as regional sales manager for Sappi Fine Paper, where he had worked for twenty years.

Lansing Teal: Vice President – Operations. Lansing Teal is Vice President of Operations, a position he has held since joining WSC in Seattle in 2001. Prior to joining Windermere Lansing spent seven years directing worldwide field operations for Lindblad Expeditions, and eight years as an executive director in the nonprofit world. He holds a real estate broker license in Washington.

Michael J. Teather: Vice President – Client Services. Michael Teather joined WSC in Seattle in 2008. He previously worked as General Manager of Williams Marketing in Seattle from 2006 to 2008; as Chief Operating Officer of Hog Wild Toys in Portland, OR from 2005 to 2006; and as General Manager of Blaser Die Casting in Portland from 1998 to 2005. He is also a graduate of Seattle University Law School, and spent eight years practicing law in Chicago and Seattle.

Item 3: Litigation

Windermere Real Estate Services Company, et al, v. Lifestyles Services Corp., et al, Superior Court of the State of California, in and for the County of San Diego, Cause No. 37-2011-00089709-CU-BC-CTL. WSC filed this action on April 15, 2011 against three Windermere franchisees in Southern California, and their owners, based on non-payment of franchise fees by the franchisee entities, and default under certain promissory notes that had been signed and personally guaranteed by the franchise owners. On May 23, 2011 the defendants filed a cross-complaint for damages and restitution, asserting claims for intentional interference with contractual relations, interference with prospective economic advantage, trade libel, and violation of the California unfair / unlawful competition law. WSC reached a settlement with all defendants in April 2012, in which the defendants agreed to pay WSC the total sum of \$700,000.

Twenty-Nine Palms Band of Mission Indians of California, et al, v. Heslop, et al, Superior Court of the State of California, in and for the County of Riverside, Cause No. RIC 10006101. This action was filed by the Twenty-Nine Palms Band of Mission Indians on October 27, 2009, asserting various claims arising from certain real estate transactions in which the tribe was represented by a Windermere agent. The initial complaint named the agent and the Windermere franchisee for which she worked. The tribe filed a number of subsequent amendments to its complaint, one of which added WSC as a defendant, and asserted violations of California franchise law by WSC. WSC tendered the claim to its franchisee for indemnity, and denied all allegations against it. The case was settled in November 2012. All claims against WSC were released, and WSC paid nothing in connection with the settlement.

No other litigation is required to be disclosed.

Item 4: Bankruptcy

No disclosures required.

Item 5: Initial Fees

Franchisees pay to WSC a nonrefundable lump sum initial franchise fee of twenty-five thousand dollars (\$25,000.00) which is due and payable in cash upon signing the license agreement.

WSC does not finance initial fees, but in some cases has allowed franchisees to pay in installments, if circumstances warrant.

In the prior fiscal year initial fees ranged from \$10,000 to \$10,000. Factors determining the amount of the initial fee, or the timing of installment payments, vary on a case-by-case basis. For instance fees may be reduced or waived if the new licensee entity is a spin-off of an existing franchisee to a new entity in which the ownership is substantially the same, or if an existing Windermere franchisee forms a new company to open a new office location.

Initial fees are non-refundable, unless you are unable to agree with WSC upon a location for your initial office location (See Item 11, below).

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Item 6: Other Fees

OTHER FEES

| Type of Fee | Amount | Due Date | Remarks |
|------------------------------------|--|------------------|---|
| Ongoing Franchise License Fees | Five percent (5%) of gross revenue; fees on residential commissions are capped at \$75,000 per agent per year, but subject to a minimum monthly fee of no less than \$2,083.33. See notes below. | See Notes below. | Gross revenue means all revenue derived from providing real estate brokerage services, including referral fees, commissions, property management fees, or any other form of compensation however named. |
| Technology Fee | \$68.00 per agent per month. | See Notes below. | See Notes below. |
| Marketing Fee | \$25.00 per agent per month. | See Notes below. | See Notes below. |
| Windermere Foundation Contribution | Suggested Donation of \$10.00 per transaction side. | See Notes below. | Payable to the Windermere Foundation, a Washington non-profit corporation. See Notes below. |

Notes:

1. Ongoing License Fees on residential sale commissions are “capped” at an amount stated in the franchise agreement. The “cap” amount represents the gross commissions earned by each agent per accounting period. For example, a cap amount of \$75,000 means that Licensee will pay Ongoing License Fees on the first \$75,000 of residential sale commissions earned by each agent during each annual period. The fee “cap” does not apply to commercial commissions or property management revenue, and is subject to cancellation or change by WSC at any time by written notice. Notwithstanding the fee cap, the minimum monthly ongoing franchise fee is \$2,083.33 per office per month. See the attached franchise agreement for more details.
2. All fees must be reported and paid monthly by the 15th day of the following month. (Example: January report and fees are due by February 15).

3. For all fees paid on a “per agent” basis, “agent” means any real estate licensee licensed to the franchisee with the applicable state real estate licensing authority. WSC may from time to time adopt policies exempting certain individuals from payment of certain “per agent” fees. A copy of the current policy is available on the WORC site, or from the WSC on request. Fee reporting policies may be changed from time to time with written notice, in WSC’s sole discretion.
4. The Technology Fee is for “Basic” technology services only. Additional services may be available for additional charges. See the attached Exhibit E for descriptions and costs of technology services.
5. A transaction “side” means the listing and/or selling side of a real estate transaction. If a franchisee represents only one side (buyer or seller), then the suggested Windermere Foundation donation is \$10.00. If franchisee represented both sides (buyer and seller), then the suggested donation is \$20.00.
6. Except as otherwise noted above, all fees are imposed by, collected and payable to the franchisor. All fees are non-refundable. All fees are uniformly imposed, but are subject to modification on a case-by-case basis if business circumstances so warrant. Technology and Marketing fees are subject to change with six months written notice, and new fees may be added with six months written notice.

Item 7: Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

| Type of Expenditure | Amount | | Method of payment | When due | To whom payment is to be made |
|--|----------------------|-----------------------|-------------------|-----------------------------------|-------------------------------|
| | Low | High | | | |
| Initial Franchise Fee | \$25,000 | \$25,000 | Cash | At signing of franchise agreement | WSC |
| Training Expenses | \$0 | \$10,000 | Varies | Varies | Various vendors. |
| Real Property, whether purchased or leased | \$96,000 Per year | \$216,000 Per year | Cash | Monthly rent or mortgage payment | Landlord, or mortgage lender |

| | | | | | |
|---|------------------|--------------------|--------|---|--|
| Equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements and decorating costs, whether purchased or leased | \$20,000 | \$600,000 | Varies | Varies. It may be possible to finance some of these expenses, and landlords may provide allowances for some improvements as part of lease negotiations. | Various vendors. |
| Office Supplies (including letterhead, business cards, etc). | \$5,000 | \$15,000 | Cash | At time of purchase. | Various vendors. |
| Security deposits, utility deposits, business licenses, and other prepaid expenses | \$0 | \$25,000 | Varies | Varies | Various vendors and governmental agencies. |
| Other required payments, such as additional training, travel, or advertising expenses | \$0 | \$10,000 | Varies | Varies | Varies |
| Additional funds – initial twelve months | \$120,000 | \$250,000 | Varies | Varies | Varies |
| TOTAL | \$266,000 | \$1,151,000 | | | |

NOTES

1. Real property costs vary widely based on the size and location of the franchisee's office(s). Estimates stated above are based on a single office with gross monthly rent of

\$8,000 to \$18,000. Expenses incurred in real property improvements, equipment, fixtures, furniture, etc. will vary depending on whether the office(s) are new start-up locations, or conversions of existing real estate brokerage offices. An existing office may incur only minimal expense to replace existing exterior signage. A new office being built-out from raw space, with no landlord allowance for tenant improvements, may cost \$500,000 or more, depending on location, finishes and fixtures selected, etc.

2. The estimate of additional funds above is based on twelve months, which the franchisor recommends due to the seasonal and cyclical nature of the real estate market. The actual amount of cash reserves required will vary depending on the size and location of the office, the timing of when the office opens, and whether the office is a start-up, or a conversion of an existing brokerage business. Start-up businesses will require more cash reserves than an existing brokerage, as it can take 3-6 months before revenue will be generated due to the timing of real estate transaction closings.
3. No amounts paid to WSC are refundable. Amounts paid to third parties may be refundable under some circumstances; franchisees should determine this to their own satisfaction.
4. WSC will not finance any of the initial investment for franchisees.

Item 8: Restrictions on Sources of Products and Services

You are not required to purchase any particular items in connection with the operation of your business, and you are not required to buy any items from WSC directly. However, any items you purchase that incorporate the Trademark (i.e., the Windermere name and logo) such as stationery, business cards, signs and other marketing materials must conform to WSC's specifications for use of the Trademark. The specifications are subject to change from time to time with written notice, and you must comply with any such changes in the specifications within a reasonable period of time. The most current specifications are posted on the Windermere Online Resource Center (WORC) intranet site.

With respect to signs and business cards only we require that all vendors be pre-approved by the WSC Marketing Department. A list of previously approved vendors is available on the WORC site, or by request. If you wish to purchase signs or business cards from a vendor not on the list please contact the WSC Marketing Department to request approval for your new vendor. The Marketing Department will then work with the vendor to determine if its products meet WSC's standards, and you will be notified of the Marketing Department's decision within ten business days of your request. Approval of sign and business card vendors is based on a subjective determination by WSC regarding the quality of the vendor's products, conformity with the overall "look and feel" of the Windermere Brand, and approval may be withheld in WSC's sole discretion. Because this is a subjective case-by-case evaluation, there are no written approval criteria available to franchisees. You are free to contract with any alternative supplier that meets WSC's criteria. However, approval of a sign or business card vendor may be revoked at any

time by written notice from WSC if the vendor ceases to meet WSC’s criteria for quality of goods and services. There is no charge for review and approval of an alternative vendor.

With respect to all other materials and supplies (other than signs and business cards) we do not have designated or approved suppliers or vendors from whom you are required to purchase goods or services relating to your franchise business. We do maintain a list of “Preferred Vendors” who have previously demonstrated consistently high quality and conformance to WSC’s specifications. There are no purchasing or distribution cooperatives. However, WSC has negotiated purchase arrangements with some vendors and suppliers, including the negotiation of price terms, for the benefit of franchisees. Details are available on request from the WSC Marketing Department.

Some Windermere-branded promotional items are sold by WSC directly, or sold for WSC through one or more third party vendors. In addition WSC receives revenue from the sales of certain goods and services by some third party vendors. While WSC will derive revenue from the sales of such items they are optional items which you are not required to purchase.

There are no material benefits provided to any franchisees based on the purchase of particular products or services, or based on use of particular suppliers.

Item 9: Franchisee’s Obligations

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 obligations in these agreements and in other items of this disclosure document.

| Obligation | Section in agreement | Disclosure Document item |
|--|----------------------|--------------------------|
| a. Site selection and acquisition / lease | 2 | Item 11 |
| b. Pre-opening purchase / lease | None | Item 11 |
| c. Site development and other pre-opening requirements | None | Item 11 |
| d. Initial and ongoing training | None | Item 11 |
| e. Opening | None | Item 11 |
| f. Fees | 7, 8 | Items 5, 6 |
| g. Compliance with standards and policies/operating manual | 4, 5, 6 | Item 11 |
| h. Trademarks and proprietary information | 1, 4, 5, 6, 9 | Item 13 |
| i. Restrictions on products / services offered | 1, 4 | Item 16 |
| j. Warranty and customer service requirements | None | None |
| k. Territorial development and sales quotas | None | None |
| l. Ongoing product / service purchases | None | None |

| | | |
|--|--------------|--------------|
| m. Maintenance, appearance and remodeling requirements | 6 | Item 11 |
| n. Insurance | 12 | None |
| o. Advertising | 6 | Item 11 |
| p. Indemnification | 6, 12 | Item 13 |
| q. Owner's participation / management / staffing | None | Item 15 |
| r. Records and reports | 7 | Item 6 |
| s. Inspections and audits | 7 | Item 6 |
| t. Transfer | 10 | Item 17 |
| u. Renewal | 8 | Item 17 |
| v. Post-termination obligations | 8, 9, 12, 13 | Item 17 |
| w. Non-competition covenants | 1 | Items 15, 17 |
| x. Dispute resolution | 13 | Item 17 |

Item 10: Financing

WSC does not offer any direct or indirect financing, leases or installment contracts to Windermere franchisees.

Item 11: Franchisor's Assistance, Advertising, Computer Systems and Training

Except as listed below, WSC need not provide any assistance to you.

Pre-Opening

Before you open your business as a Windermere franchisee WSC will:

1. Confer with you regarding your business location. If you do not yet have office space, or if you wish to relocate your existing office when you become a Windermere franchisee, we will discuss and suggest site selection criteria based on the size of your business, your business objectives, and other market factors. While your location(s) must be approved by WSC (see below), site selection is your responsibility. We generally do not own the premises where you will operate, and do not participate in negotiating the lease or purchase of your location. See License Agreement, Paragraph 2.

Your business location(s) must be approved in advance by WSC. We do not select the site for you, or restrict the areas in which you may look for a site, but upon request we will assist you in identifying potential locations. In approving your location WSC will consider a variety of factors, including without limitation:

- a. Consistency with the image and reputation of the Windermere brand and Trademark;
- b. The general location and neighborhood of the site you proposed;
- c. Distance from competing real estate brokerage firms;

- d. Traffic patterns, visibility, parking, accessibility, and other physical characteristics of the building or suite in which you propose to be located;
 - e. Size of your proposed space as it relates to your business plan and the number of agents/staff you project having at your location.
 - f. Other factors unique to your location or community.
2. Provide you, on request, with the contact information of one or more architects, contractors and/or interior designers who have in the past worked successfully with other franchisees, if you elect to do some remodeling or decoration of your premises and you request a referral to such service providers. You are not obligated to use any specific professional and are free to use whomever you please. In addition we will confer with you, on request, regarding your conversion of building signage, if you have existing office space, and the need to comply with local sign ordinance and obtain sign permits. You are responsible for any construction, remodeling, or decorating of the premises for the franchised business. You are also responsible for conforming your premises to local ordinances and building codes, and obtaining all required permits (including sign permits). See License Agreement, Paragraphs 1, 2, 4.
3. Provide you with a list of "Approved" and "Preferred" vendors who offer a variety of products and services, such as equipment, signs, fixtures, stationary and other supplies, which may be useful to you either during the conversion process or after opening. This list is not exclusive and except for signs and business cards you are free to trade with whomever you choose. Signs and business cards must be purchased from approved vendors. All other items displaying the Trademark must conform to WSC's then current Trademark Use Guidelines. See Item 8, above. You are responsible for obtaining all of your own equipment, signs, fixtures and supplies. See License Agreement, Paragraph 6.
4. Meet with you and your management staff for an owner and manager orientation session in which our senior staff explains the various Windermere system programs that are available, describes how they benefit your sales agents, and confer together about their implementation and how we can be of assistance to you in the implementation of the programs. The orientation session is normally conducted in the offices of WSC by senior management of WSC. The session is conducted without charge to you, but you will bear your own travel expenses. You are responsible for hiring and training your own employees, and independent contractor sales associates. See License Agreement, Paragraph 4.
5. Provide you access to the WORC, which is a web site accessible only to Windermere owners, managers, agents and employees. The WORC site contains mandatory and suggested forms, specifications, standards and procedures. We will update or modify the information on the WORC site time to time but these modifications will not alter your status or rights under the License Agreement. If you are unable to access the WORC site online for any reason, some of the materials can be provided to you in the form of a loose-leaf binder instead. See License Agreement, Paragraph 4.

Time to Opening.

Franchisees typically accomplish their conversion or open their franchised business in two to six months after signing the License Agreement. Existing real estate brokerage businesses that are converting to a Windermere office, and not moving to a new location, typically complete the conversion in approximately two months after signing their franchise License Agreement. If you do not have an existing business already operating, then the time to opening can be longer, typically approximately six months. Factors that affect this time period include your ability to negotiate a lease or otherwise secure office space, obtain financing, building or sign permits, and delays in the delivery or installation of equipment, furniture, signs, etc. In some states there can also be substantial delay in obtaining the required real estate licenses for your company. We encourage you to contact your state licensing authority as soon as possible for guidance on licensing procedures, and an estimate of processing time.

Post-Opening Obligations

During the operation of the franchise business WSC will:

1. Meet with your sales agents, normally within ninety days of opening, and jointly with you present an orientation session explaining the Windermere System programs and describing how they are implemented and how they benefit your sales agents. This orientation session is normally conducted at your office and is without charge to you or your agents. You are responsible for hiring and training your own employees, and independent contractor sales associates. See License Agreement, Paragraph 4.
2. Remain in regular contact with you and remain available to provide assistance on request regarding the Windermere System programs available to you, including improvements in existing programs and the development of new programs. See License Agreement, Paragraph 4.
3. Remain available to provide to you consultation, on request, regarding operating problems which you may encounter. These services will be provided on a reasonable and as available basis. If representatives of WSC travel to your location at your request to provide assistance with operating problems you may be charged for travel expenses incurred, but you will not otherwise be charged for the assistance provided. See License Agreement, Paragraph 4.
4. Assist you, on request, in the development and design of an advertising program directed at your customers, the general public. The media used to disseminate the advertising may include television, radio, newspaper and other print media selected at your election and expense and the scope of the coverage, whether local or regional, will be at your direction. The source of the advertising copy and other assistance provided to you will be the in-house marketing department of WSC. You may develop and use your own advertising material as long as it complies with the requirements and specifications of WSC regarding the use of the Trademark. See License Agreement, Paragraphs 4, and 6.

5. Assist you, on request, in the development of an advertising program directed at the competitive real estate agent population, if you desire such assistance. Such a program normally consists of mailing announcements to selected competitive agents in your area. The assistance provided to you by WSC will be provided without charge, however you will bear the cost of materials and mailing. See License Agreement, Paragraph 4.

6. Assist you, on request, in determining the services to be offered by franchisee to its customers, and determining appropriate pricing for such services. It is expected that you will already have an operating real estate brokerage business, and therefore you will already have established what services you offer, and the prices you charge. We will consult with you to evaluate your programs, and suggest if appropriate narrowing or expanding your range of services, or adjusting your pricing levels. However, we do not impose minimum or maximum prices, and all final decisions regarding the services offered and the prices charged rest with you, except as discussed below in Item 16. See License Agreement, Paragraph 4.

7. Provide you, on request, with recommendations or suggestions for administrative, bookkeeping and accounting systems upon request, and assist you in locating sources for any required supplies or services. See License Agreement, Paragraphs 4, and 7.

Advertising and Promotion.

WSC from time to time, at its discretion, has placed advertisements in various media including print, radio and television, which advertising has been intended to raise general public awareness of the Windermere brand. WSC intends, but is not required, to conduct such further general brand advertising in the future.

The media in which WSC has previously placed general brand advertising has been primarily local and regional. Future brand advertising, if any, may be local, regional or national in scope.

WSC's print media advertising has been primarily produced by WSC's in-house marketing department. Radio and television advertising has been produced using outside production companies and/or advertising agencies.

You may develop and use your own advertising material, at your own cost, as long as it complies with the requirements and specifications of WSC regarding the use of the Trademark, as well as any other brand and marketing guidelines or policies as may be adopted or amended by WSC from time to time. At your request WSC will confer with you regarding the development and implementation of an advertising program directed at your customers, the general public, as well as for recruiting real estate sales associates. WSC provides some advertising templates free of charge. Customized advertising may be available from the WSC marketing department for additional charge, which charges are subject to change from time to time.

There is no advertising council, and there is no advertising cooperative.

All Windermere franchisees in the Region are required to contribute to a Marketing Fund which will be maintained and administered by WSC. You must contribute the amounts described in

Item 6, under the heading "Marketing Fee." The Marketing Fund is not audited, and financial statements of the fund are not available for review by franchisees. WSC may receive payments from the Marketing Fund to reimburse expenses incurred providing goods or services to the Marketing Fund.

Expenditures from the Marketing Fund for 2012 were as follows:

| | |
|-------------------------|-------|
| Production | 92.2% |
| Media Placement | 0% |
| Administration Expenses | 7.8% |
| Other (see below) | 0% |

Except as discussed above, WSC is not required to spend any specific amount on advertising in the area where your franchise business is located.

Marketing Fund contributions collected by WSC not spent in the fiscal year in which they accrue will be budgeted for expenditure in the succeeding year or years.

None of the revenues received by WSC for the Marketing Fund are used for the solicitation or for the sale of franchises.

See Items 6, 8 and 9 for additional information.

Required Electronic Systems

You will be required to submit Monthly Statistical Reports to WSC, summarizing information about the operations of your business for the preceding month, including gross commission income, number of agents, and other information relevant to calculating fees due to WSC. Currently we require you to submit these reports electronically using a Microsoft Excel spreadsheet prepared by WSC. To use the spreadsheet reporting form you will need at least one personal computer with Microsoft Excel (or some other compatible spreadsheet program capable of opening and saving files in the Excel format) installed. You will also require an internet connection so the spreadsheet can be transmitted electronically to WSC via e-mail, or a web-based interface, or other method as may be developed in the future. WSC does not specify any particular hardware or software, as long as it is capable of opening and saving spreadsheets in the Microsoft Excel file format. See License Agreement, Paragraph 7.

A compatible system can typically be purchased for \$1,000.00 or less.

WSC does not provide any ongoing maintenance, repairs, upgrades or updates to your computer hardware or software.

WSC reserves the right to modify its reporting system from time to time. Therefore you may be required to upgrade the hardware and/or software used for submitting your monthly reports to WSC periodically. Upgrades are infrequent. It is contemplated that future upgrades will occur

not more than once per year, and cost typically will not exceed \$1,000 per upgrade. See License Agreement, Paragraph 7.

Your annual costs for optional or required maintenance, updating, upgrading or support contracts for your electronic systems will vary based on what equipment you choose to acquire, and from which vendor(s). Except as disclosed above, WSC does not require you to spend any particular amounts for the maintenance, upgrade or replacement of your electronic systems.

WSC will not have independent access to your company's electronic systems. However, you are required to provide access to your accounting and/or financial records on request for purposes of conducting an audit of your monthly fee reports. See License Agreement, Paragraph 7.

No other electronic systems are required.

Operating Manuals

There are no operating manuals provided by WSC which impose additional obligations upon you, other than those contained or referenced in the franchise license agreement itself. As discussed above, the WORC site contains mandatory and suggested forms, specifications, standards and procedures. We will update or modify the information on the WORC site from time to time but these modifications will not alter your status, rights or obligations under the License Agreement. Upon request you will be provided access to the WORC site prior to signing your franchise license agreement. If you are unable to access the WORC site online for any reason, on request you will be provided the equivalent materials in a loose-leaf binder instead. Any such materials provided to you before signing a franchise license agreement must be returned if, after reviewing the materials, you elect not to sign an agreement. See License Agreement, Paragraph 4.

Training Program.

There is no mandatory training program. The orientation sessions with (i) owners and management and (ii) your sales agents described above are provided at your request and are normally provided on an individualized basis tailored to your specific needs or preferences and those of your sales agents. In the past year, one hundred percent of new franchisees have requested some form of orientation.

In addition to the orientation sessions, WSC periodically sponsors "Owner Councils" in various areas where Windermere franchisees operate, and an Owners' Retreat that has been held at various resort locations. The Owner Councils and Owners' Retreat address a variety of topical issues of significance to Windermere franchisees specifically and/or to the real estate industry in general. Although all franchise owners are strongly encouraged to attend, neither is mandatory. Travel and living expenses for both are borne by franchisees electing to participate. The cost of the annual Owners' Retreat is shared by those franchisees electing to participate and is paid pro-rata, based upon the number of franchisees participating.

While WSC does not have any particular training requirements, most states have regulations requiring real estate licensees to meet certain educational requirements both as a prerequisite to licensing, and to maintain licenses in good standing. WSC requires that you operate your business in compliance with all applicable state real estate licensing laws and regulations. We advise you to consult an attorney or your state real estate licensing authority regarding educational requirements for licensing. See License Agreement, Paragraph 4.

Item 12: Territory

Your franchise license will be for one or more specific locations which must be approved by the franchisor.

WSC does not grant exclusive territories to any of its franchisees. You will not receive an exclusive territory. You may face competition from other Windermere franchisees, from outlets that we own (currently none, but WSC reserves the right to add company-owned offices at any time), or from other channels of distribution or competitive brands that we control (currently none, but WSC reserves the right to acquire or create new brands at any time).

You must receive permission from WSC before opening any additional branch offices or other locations, or relocating any office. Such consent may be withheld in the sole discretion of WSC based on the subjective criteria described in Item 11, above.

You will not be granted any option, right of first refusal or other similar rights to acquire additional franchises. You may request permission to do so at any time, but such permission may be withheld in the sole discretion of WSC.

WSC does not currently operate real estate brokerage offices directly, although principals or officers of WSC may also be owners of individual brokerage companies that operate under the Windermere name, some of which could be located near your location(s), and compete with you. WSC reserves the right to acquire or create company-owned offices at any time.


Other than as restricted by state real estate licensing laws or other laws and regulations, you are not restricted from soliciting or accepting business from consumers in any specific geographic area, either within or outside the region. You are free to use other channels such as the Internet, telemarketing, or other direct marketing to make sales within or outside the region, provided that all such activities comply with all applicable laws. However you may not operate any physical locations except as approved by WSC.


WSC reserves the right to grant additional Windermere franchises within the region at any time, in any location. WSC does not currently conduct business in the region under any other brand name, but reserves the right to do so in the future. No compensation will be due to franchisee under any circumstances based on the solicitation or sale of additional franchises in the region.

Item 13: Trademarks

There are three principal marks to be licensed to you under the terms of your license agreement. All three have been registered on the principal trademark register of the United States Patent and Trademark Office. These marks (collectively referred to as the “Trademark”) are as follows:

| | |
|-------------------|--|
| Windermere | Word mark in International Class 36 for real property brokerage services and property management services. |
| Registered | Principal Register of United States Patent and Trademark Office |
| Reg. Date | March 25, 1997 |
| Reg. Number | 2047919 |
| Affidavits | All required affidavits filed. Section 15 (6 year); Section 8 (10 year). |

| | |
|---|--|
|  | Double interlocking diamond design, registered as design mark in International Class 36 for real property brokerage services and property management services. |
| Registered | Principal Register of United States Patent and Trademark Office |
| Reg. Date | April 29, 1997 |
| Reg. Number | 2057372 |
| Affidavits | All required affidavits filed. Section 15 (6 year); Section 8 (10 year). |

| | |
|--|---|
|  | Windermere logo with name set in distinctive font with double diamond element centered above name, registered as design mark in International Class 36 for real property brokerage services and property management services. |
| Registered | Principal Register of United States Patent and Trademark Office |
| Reg. Date | September 18, 2001 |
| Reg. Number | 2490442 |
| Affidavits | All required affidavits filed. Section 15 (6 year); Section 8 (10 year). |

Other marks have been registered by WSC, but are not licensed to all franchisees. These marks are retained by WSC for its use only, or may be licensed to certain franchisees only for special purposes at WSC’s sole discretion (for example, the Windermere Commercial logo is registered, but is licensed only to certain offices that engage in the listing or sale of commercial property).

You must follow our rules and guidelines when using the Trademark. These guidelines include restrictions on your ability to register Internet domain names containing the word “Windermere” or any variations or abbreviations of any of the Trademarks. A copy of the Trademark and Domain Name Guidelines is available on request from the WSC Marketing Department, and on the WORC intranet site.

There are no currently effective adverse determinations of the United States Patent and Trademark Office, the trademark administrator of this state or any state, or of any court affecting any of the marks identified herein. There is no pending interference, opposition or cancellation proceeding relevant to the use of any of these trademarks in any state. There is no material

pending federal or state court litigation regarding the use or ownership of any of WSC's trademarks. There are no agreements currently in effect which significantly limit the rights of WSC to use or license the use of the Trademark in this state.

WSC must protect your right to use the principal trademarks identified above. If you become subject to a claim of infringement or unfair competition arising from your use of the Trademark in connection with your real estate brokerage business, WSC will defend the suit at its own expense.

You must notify WSC promptly when you learn about an infringement of or challenge to your use of the Trademark, or if you discover any individual or entity using – or asserting the right to use – any identical or confusingly similar mark.

Upon being notified of any such claims, WSC will take action consistent with good business judgment to prevent infringement of the Trademark or unfair competition against Windermere licensees. Such actions will be taken at the discretion of WSC, and at its expense. WSC will control any such litigation, will select legal counsel, and make all decisions concerning the prosecution, defense or settlement of any such litigation in its sole discretion. If you are awarded monetary recovery in any legal proceeding, WSC reserves the right to obtain reimbursement of its expenses from you out of any monetary recovery awarded to you as a result of WSC's intervention on your behalf.

WSC will indemnify you against any expenses or damages you incur as a result of being named as a party to any administrative or judicial proceeding arising from your use of any trademark licensed to you by WSC, or if any such proceeding is resolved unfavorably to you.

If, in the judgment of WSC, it becomes necessary or desirable to modify or discontinue the use of one or more components of the Trademark, you and other Windermere licensees will each bear your own expense in connection with the modification and conversion.

WSC is unaware of any superior rights or infringing uses that could materially affect your use of the Trademark in the state where your business will be located.

Item 14: Patents, Copyrights, and Proprietary Information

There are no patents or copyrights that are material to the franchise.

All original works of authorship produced by WSC, including marketing, recruiting and advertising materials, as well as content produced by WSC for office or agent web sites, is the copyrighted property of WSC. As a Windermere franchisee you will be granted a limited, non-exclusive license to use these materials during the term of your franchise license agreement.

Upon expiration or termination of your Windermere franchise you must cease all use of any copyrighted materials belonging to WSC, and surrender all physical copies of proprietary Windermere materials to WSC.

Item 15: Obligation to Participate in the Actual Operation of the Franchise Business

There is no obligation imposed by the license agreement that any particular individual, partner, shareholder or officer participate personally in the direct operation of the franchise business.

However, WSC strongly recommends that franchise owners be actively involved in the management of their business, and if the franchisee is an individual WSC recommends that the franchisee be involved in on-premises supervision of the business.

WSC does not place any limits on who the franchisee may hire as a managing broker or other on-premises supervisor. However, WSC does require that the franchised business comply with all applicable real estate licensing laws and regulations of the state where the business is located. Many states have regulations that limit who may serve as the managing broker of a real estate brokerage office, so WSC recommends that you consult with an attorney or your state's real estate licensing authority concerning this issue.

WSC has no mandatory training program of on-premises supervisors, but state real estate licensing law may require a managing broker to meet certain educational or licensing requirements. Again, we recommend you consult an attorney or your state licensing authority on this issue.

WSC does not require that your on-premises supervisors have any minimum ownership or equity interest in the franchised business. However some states have real estate licensing laws or regulations that impose such requirements. Again, we recommend you consult an attorney or your state licensing authority on this issue.

All owners (sole proprietors, partners, corporate shareholders, LLC members, etc.) must be identified in the franchise license agreement, and must personally guarantee the franchisee's performance of all obligations under the license agreement, including the payment of all fees. See the sample license agreement attached hereto as Exhibit B.

In addition, the franchisee and all owners (sole proprietors, partners, corporate shareholders, LLC members, etc.) are restricted from engaging in competing real estate brokerage business activities during the term of the franchise. See Paragraph 1 of the license agreement.

Item 16: Restrictions on What the Franchisee May Sell

The franchise agreement licenses you to use the Windermere name and Trademark only in connection with conducting a real estate brokerage business. You are obligated to engage in the real estate brokerage business, and you may not engage in any other trade or business whatsoever using the Windermere name or trademark except with the advance written consent of WSC, which consent may be withheld in WSC's sole discretion. You are required to comply with the guidelines issued by WSC regarding the form, content, image and style of advertising and promotion materials and the standardized use of the Trademark, and regarding approved reasonable standards of operation and service, methods and procedures adopted for the

protection and maintenance of the quality image and reputation associated with the Windermere name and Trademark. WSC has sole discretion in determining what constitutes the Windermere image.

WSC may in some cases, in its sole discretion, condition the granting of a new franchise license on restricting the customers to whom you may offer your services, or the nature of the services offered. See Exhibit A, which contains sample addenda to the franchise license agreement for offices that are limited to the listing and sale of “new construction” residential property; offices that are limited to offering property management services; and offices limited to offering commercial real estate services. If no such limitation is imposed in the license agreement, then you are free to render real estate brokerage services to anyone, for any type of property. However, you may only operate the licensed business from the locations specified in the license agreement or as subsequently approved by WSC.

WSC has the right, from time to time, to change the types of services which you are authorized to conduct under the Windermere name, with six months advance written notice.

Item 17: Renewal, Termination, Transfer and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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

| Provision | Section in franchise or other agreement | Summary |
|---|---|--|
| a. Length of the franchise term | Paragraph 8 (a) | A “rolling” six month term that continues until either party gives notice to trigger expiration. |
| b. Renewal or extension of the term | Paragraph 8 (a) | Renews automatically until either party gives notice to trigger expiration. |
| c. Requirements for the franchisee to renew or extend | Paragraph 8 (a) | No action required; term renews automatically until either party gives notice to trigger expiration. |
| d. Termination by franchisee | Paragraph 8 (a) | Franchisee may give six months notice at any time for the term to expire, without cause. Franchisee may terminate with cause if WSC fails to cure any default within thirty days after written notice. |
| e. Termination by franchisor without cause | Paragraph 8 (a) | WSC may give six months notice at any time for the term to expire without cause. |

| | | |
|---|------------------------|---|
| f. Termination by franchisor with cause | Paragraph 8 (b) | WSC may give written notice of default, and may terminate if franchisee fails to cure any such default within time stated in the agreement. |
| g. "Cause" defined – curable defaults | Paragraph 8 (b) | Licensee must cure defaults within 5 days after notice for non-payment; 15 days for failure to maintain insurance; and 30 days for any other breach. |
| h. "Cause" defined – non-curable defaults | Paragraph 8 (c) | Certain enumerated defaults are grounds for immediate termination without opportunity to cure. |
| i. Franchisee's obligation on termination / non-renewal | Paragraphs 7(i), and 9 | Licensee must pay certain fees following termination, and must cease all use of the Trademark and Windermere System |
| j. Assignment of contract by franchisor | None | Assignment by franchisor is permitted |
| k. "Transfer" by franchisee – defined | Paragraph 10(a) | Licensee may not be assigned or transferred by Licensee to another entity; any change in the ownership of Licensee also constitutes a transfer. |
| l. Franchisor approval of transfer by franchisee | Paragraph 10 | Agreement may not be assigned without WSC's advance written consent |
| m. Conditions for franchisor approval of transfer | Paragraph 10 | Consent may be withheld in WSC's sole discretion |
| n. Franchisor's right of first refusal to acquire franchisee's business | Paragraph 10(c) | WSC has a right of first refusal to purchase Licensee's business before Licensee may sell or transfer its business to any third party |
| o. Franchisor's option to purchase franchisee's business | Paragraph 10(c) | WSC has a right of first refusal to purchase Licensee's business before Licensee may sell or transfer its business to any third party |
| p. Death or disability of franchisee | Paragraph 10(b) | Licensee terminates unless transferred to an approved transferee within six months after the death or disability of a sole proprietor franchisee, or a sole owner on a licensee entity. |
| q. Non-competition covenants during the term of the franchise | Paragraph 1 | Neither the Licensee nor its principals may engage in any competing real estate brokerage business during the term of the franchise. |

| | | |
|---|--------------|---|
| r. Non-competition covenants after the franchise is terminated or expires | None | No restrictions. |
| s. Modification of the agreement | Paragraph 14 | May only be modified by mutual agreement of the parties in writing. |
| t. Integration / merger clause | Paragraph 14 | The agreement supersedes any prior agreements or discussions of the parties, oral or written. |
| u. Dispute resolution by arbitration or mediation. | None | None |
| v. Choice of forum | Paragraph 13 | Venue for any litigation is in state or federal courts with jurisdiction over the county in which License's primary location is situated. |
| w. Choice of law | Paragraph 13 | The agreement is governed by the law of the state in which the franchisee's principal business location is located. |

California Business and Professions Code Section 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control it.

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

Item 18: Public Figures

There are no public figures used in the franchise name or trademark. No public figures are used to endorse or recommend the franchise to prospective franchisees. No public figures are involved in the management or control of WSC.

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 you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a 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 are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Paul Drayna, General Counsel, 5424 Sand Point Way NE, Seattle, WA 98105, 206-527-3801, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Information

Table No. 1: Systemwide Outlet Summary
For years 2010 to 2012

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---------------|------|----------------------------------|--------------------------------|------------|
| Franchised | 2010 | 313 | 296 | -17 |
| | 2011 | 296 | 285 | -11 |
| | 2012 | 285 | 284 | -1 |
| Company-Owned | 2010 | 0 | 0 | 0 |
| | 2011 | 0 | 0 | 0 |
| | 2012 | 0 | 0 | 0 |
| Total Outlets | 2010 | 313 | 296 | -17 |
| | 2011 | 296 | 285 | -11 |
| | 2012 | 285 | 284 | -1 |

Table No. 2:
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For years 2010 to 2012

| State | Year | Number of Transfers |
|-------|------|---------------------|
| AK | 2010 | NA |
| | 2011 | NA |
| | 2012 | 0 |
| AZ | 2010 | 0 |
| | 2011 | 0 |
| | 2012 | 0 |
| CA | 2010 | 0 |
| | 2011 | 1 |
| | 2012 | 0 |
| HI | 2010 | 0 |
| | 2011 | 0 |
| | 2012 | 0 |

| | | |
|---------------------------|------|---|
| ID | 2010 | 0 |
| | 2011 | 0 |
| | 2012 | 0 |
| MT | 2010 | 0 |
| | 2011 | 0 |
| | 2012 | 0 |
| NV | 2010 | 0 |
| | 2011 | 0 |
| | 2012 | 0 |
| OR | 2010 | 1 |
| | 2011 | 1 |
| | 2012 | 2 |
| UT | 2010 | 0 |
| | 2011 | 0 |
| | 2012 | 0 |
| WA | 2010 | 0 |
| | 2011 | 4 |
| | 2012 | 5 |
| WY | 2010 | 0 |
| | 2011 | 0 |
| | 2012 | 0 |
| BRITISH COLUMBIACANADA | 2010 | 0 |
| | 2011 | 0 |
| | 2012 | 0 |
| MEXICO | 2010 | 0 |
| | 2011 | 0 |
| | 2012 | 0 |

Table No. 3:
Status of Franchised Outlets
For years 2010 to 2012

| State | Year | Outlets at Start of Year | Outlets Opened | Termina- tions | Non- Renewals | Reacquired By Franchisor | Ceased Operations Other Reasons | Outlets At End of the Year |
|-------|------|--------------------------------|-------------------|-------------------|------------------|--------------------------------|--|----------------------------------|
| AK | 2010 | NA | NA | NA | NA | NA | NA | NA |
| | 2011 | NA | NA | NA | NA | NA | NA | NA |
| | 2012 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| AZ | 2010 | 3 | 1 | 0 | 0 | 0 | 1 | 3 |
| | 2011 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| | 2012 | 4 | 0 | 0 | 0 | 0 | 1 | 3 |

| | | | | | | | | |
|--------|------|------|----|---|---|---|----|-----|
| CA | 2010 | 40 | 10 | 0 | 0 | 0 | 17 | 33 |
| | 2011 | 33 | 10 | 0 | 0 | 0 | 10 | 33 |
| | 2012 | 33 | 1 | 0 | 0 | 0 | 1 | 33 |
| HI | 2010 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2011 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | 2012 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| ID | 2010 | 18 | 0 | 0 | 0 | 0 | 3 | 15 |
| | 2011 | 15 | 2 | 0 | 0 | 0 | 2 | 15 |
| | 2012 | 15 | 1 | 3 | 0 | 0 | 0 | 13 |
| MT | 2010 | 9 | 0 | 0 | 0 | 0 | 3 | 6 |
| | 2011 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2012 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| NV | 2010 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2011 | 3 | 1 | 0 | 0 | 0 | 1 | 3 |
| | 2012 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| OR | 2010 | 58 | 0 | 0 | 0 | 0 | 7 | 51 |
| | 2011 | 51 | 1 | 0 | 0 | 0 | 2 | 50 |
| | 2012 | 50 | 7 | 0 | 0 | 0 | 3 | 54 |
| UT | 2010 | 7 | 1 | 0 | 0 | 0 | 0 | 8 |
| | 2011 | 8 | 0 | 0 | 0 | 0 | 2 | 6 |
| | 2012 | 6 | 0 | 0 | 0 | 0 | 1 | 5 |
| WA | 2010 | 171 | 5 | 0 | 0 | 0 | 4 | 172 |
| | 2011 | 172* | 1 | 0 | 0 | 0 | 11 | 162 |
| | 2012 | 162 | 1 | 0 | 0 | 0 | 4 | 159 |
| WY | 2010 | 2 | 0 | 0 | 0 | 0 | 2 | 0 |
| | 2011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BC-CAN | 2010 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2011 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2012 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

*In previous years, three offices were counted in both OR and WA that only belong in WA.

Table No. 4: Status of Company-Owned Outlets
For years 2010 to 2012
There are no company owned outlets.

Table No. 5: Projected Openings as of December 31, 2012

| State | Franchise Agreements Signed but Outlet Not Opened | Projected New Franchised Outlet in the Next Fiscal Year | Projected New Company-Owned Outlet in the Next Fiscal Year |
|--------|---|---|--|
| AK | 0 | 1 | 0 |
| AZ | 0 | 0 | 0 |
| CA | 1 | 7 | 0 |
| HI | 0 | 0 | 0 |
| ID | 0 | 1 | 0 |
| MT | 0 | 1 | 0 |
| NV | 0 | 2 | 0 |
| OR | 0 | 5 | 0 |
| UT | 0 | 1 | 0 |
| WA | 0 | 2 | 0 |
| WY | 0 | 0 | 0 |
| MEXICO | 0 | 1 | 0 |
| TOTAL | 1 | 21 | 0 |

A list of the names of all current franchisees, as well as their addresses and telephone numbers of each of their offices, is attached hereto as Exhibit C.

Also attached in Exhibit C is a list of the name, city, state and current business telephone number (or last known home telephone number) of every franchisee who had an office terminated, canceled, not renewed, or which otherwise voluntarily or involuntarily ceased to do business under the Windermere name during the most recently completed fiscal year, or who has not communicated with the franchisor within ten weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the last three fiscal years the following franchisees signed agreements limiting their ability to speak with you about their experience with Windermere:

- Windermere Puyallup-Canyon Road, LLC, a Washington limited liability company (Agreement signed in connection with settlement of litigation in 2011).
- MRJR, Inc., a California corporation (Agreement signed in connection with settlement of litigation in 2012).
- Life Styles Services Corp., a California corporation (Agreement signed in connection with settlement of litigation in 2012).
- Life Styles Services Solana Beach/RSF Corp., a California corporation (Agreement signed in connection with settlement of litigation in 2012).

WSC is not aware of any franchisee organizations associated with the Windermere system.

Item 21: Financial Statements

See attached Exhibit A.

Item 22: Contracts

See attached Exhibit B.

INTENTIONALLY BLANK

Item 23: Receipts

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 Windermere Services Company offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Windermere Services Company does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any appropriate state agency identified on Exhibit D.

The franchise seller(s) offering this franchise are:

| | |
|----------------------------|--|
| Name(s) | WBD, LLC, a Washington limited liability company; Scott Mitchelson |
| Principal Business Address | 5424 Sand Point Way NE, Seattle, WA 98105 |
| Phone Number | 206-527-3801 |

This disclosure document was issued on April 18, 2013.

The franchisor's registered agent authorized to receive service of process in this state is identified on Exhibit D.

I received a disclosure document dated April 18, 2013 that included the following Exhibits:

- A. Audited Financial Statements
- B. Franchise Agreements
- C. List of Windermere Offices
- D. State-Specific Information
- E. Technology Fees
- F. California Addendum

| | |
|------------|--|
| Sign | |
| Print Name | |
| Date | |

PLEASE SIGN, DATE AND RETAIN THIS COPY OF THE RECEIPT
FOR YOUR RECORDS

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 Windermere Services Company offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

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|----------------------------|--|
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| Principal Business Address | 5424 Sand Point Way NE, Seattle, WA 98105 |
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- D. State-Specific Information
- E. Technology Fees
- F. California Addendum

| | |
|------------|--|
| Sign | |
| Print Name | |
| Date | |

PLEASE SIGN AND DATE THIS COPY OF THE RECEIPT
AND RETURN TO WSC

EXHIBIT A

SMITH BUNDAY BERMAN BRITTON, P.S.

**WINDERMERE REAL ESTATE
SERVICES COMPANY**

COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
AND
SUPPLEMENTAL SCHEDULES

DECEMBER 31, 2012 AND 2011

Independent Auditor's Report

March 26, 2013

Board of Directors and Stockholders
Windermere Real Estate Services Company
Seattle, Washington

We have audited the accompanying combined financial statements of Windermere Real Estate Services Company (a Washington corporation) and its affiliates, which comprise the combined balance sheet as of December 31, 2012 and 2011, and the related combined statements of income, stockholders' equity (deficit), and cash flows for the years ended December 31, 2012, 2011 and 2010, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Windermere Real Estate Services Company and its affiliates as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years ended December 31, 2012, 2011 and 2010, in accordance with accounting principles generally accepted in the United States of America.

Smith Bunday Berman Britton, P.S.

Windermere Real Estate Services Company

Combined Balance Sheet

| | December 31, | |
|--|---------------|---------------|
| | 2012 | 2011 |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 513,523 | \$ 2,157,017 |
| Accounts receivable, net of allowance for doubtful accounts | 1,494,338 | 860,741 |
| Related party accounts receivable | - | 26 |
| Reimbursable expenses | 975 | 975 |
| Prepaid expenses | 92,208 | 217,648 |
| Shareholder note receivable | 1,650,000 | - |
| Total current assets | 3,751,044 | 3,236,407 |
| PROPERTY AND EQUIPMENT: | | |
| Promotional facility | 2,426,647 | 2,426,647 |
| Office furniture and equipment | 1,552,810 | 1,400,662 |
| Leasehold improvements | 193,053 | 191,424 |
| Transportation equipment | 96,326 | 73,194 |
| | 4,268,836 | 4,091,927 |
| Less accumulated depreciation | 2,158,101 | 2,018,111 |
| | 2,110,735 | 2,073,816 |
| OTHER ASSETS: | | |
| Receivables, long-term, net of allowance for doubtful accounts | 242,555 | 1,074,743 |
| Deposits | 6,818 | 6,818 |
| Other assets | 48,364 | 42,135 |
| Intangibles | 4,359,130 | 3,856,476 |
| | 4,656,867 | 4,980,171 |
| | \$ 10,518,646 | \$ 10,290,394 |

| | December 31, | |
|--|----------------------|----------------------|
| | <u>2012</u> | <u>2011</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 236,912 | \$ 293,918 |
| Business and payroll taxes | 19,947 | 16,105 |
| Accrued expenses | 399,104 | 430,102 |
| Deferred income | 18,485 | 130,875 |
| Current maturities of notes payable | 102,071 | 171,014 |
| Total current liabilities | <u>776,519</u> | <u>1,042,015</u> |
| LONG-TERM LIABILITIES: | | |
| Note payable to bank | 9,000,000 | - |
| Notes payable to related companies | 3,512,722 | 8,296,395 |
| | <u>13,289,241</u> | <u>9,338,410</u> |
| COMMITMENTS AND CONTINGENCIES- See Notes 6 and 10 | | |
| STOCKHOLDERS' EQUITY (DEFICIT): | | |
| Common stock, no par value, 10,100,000 shares authorized; 5,100,000 shares issued and outstanding | 10,500 | 10,500 |
| Retained earnings (deficit) | (2,781,095) | 941,484 |
| | <u>(2,770,595)</u> | <u>951,984</u> |
| | <u>\$ 10,518,646</u> | <u>\$ 10,290,394</u> |

The accompanying notes are an integral part of these financial statements

Windermere Real Estate Services Company

Combined Statement of Income

| | Years Ended December 31, | | |
|-----------------------------------|--------------------------|---------------------|---------------------|
| | 2012 | 2011 | 2010 |
| REVENUES | | | |
| Continuing franchise fees | \$ 14,733,399 | \$ 13,531,600 | \$ 14,753,173 |
| New franchise fees | 60,500 | 27,500 | 87,500 |
| Other | 1,958,417 | 2,175,271 | 2,064,641 |
| | <u>16,752,316</u> | <u>15,734,371</u> | <u>16,905,314</u> |
| COST OF GOODS SOLD | | | |
| Salaries | 2,074,149 | 869,439 | - |
| Consultants | 178,317 | 289,992 | - |
| Amortization | 745,743 | 40,926 | - |
| Hosting | 164,551 | 121,782 | - |
| Email | 139,571 | 80,346 | - |
| Maintenance | - | 259,149 | - |
| Other | 20,126 | 92,303 | - |
| | <u>3,322,457</u> | <u>1,753,938</u> | <u>-</u> |
| OPERATING EXPENSES: | | | |
| Salaries | 5,300,881 | 5,365,118 | 5,842,991 |
| Promotional | 1,445,376 | 1,642,468 | 1,826,678 |
| Business taxes | 472,524 | 490,747 | 596,005 |
| Rent | 438,211 | 461,631 | 474,186 |
| Major events | 465,612 | 141,652 | 308,701 |
| Depreciation and amortization | 285,842 | 258,875 | 275,568 |
| Technology | 38,905 | 118,062 | 234,461 |
| Travel and entertainment | 263,088 | 221,059 | 219,711 |
| Employee benefits | 186,908 | 237,355 | 169,189 |
| Dues, licenses, and fees | 317,865 | 141,025 | 140,794 |
| Supplies | 86,819 | 87,243 | 122,944 |
| Professional fees | 410,721 | 446,468 | 108,783 |
| Retirement plan | 109,619 | 92,932 | 106,824 |
| Education | 49,812 | 74,739 | 78,596 |
| Repair and maintenance | 22,298 | 25,487 | 74,639 |
| Telephone | 52,636 | 52,805 | 46,067 |
| Miscellaneous | 22,786 | 26,160 | 31,987 |
| Insurance | 33,133 | 21,951 | 23,722 |
| Auto | 28,652 | 28,971 | 21,873 |
| Postage and printing | 10,262 | 16,940 | 18,216 |
| Utilities | 12,247 | 13,317 | 15,419 |
| Janitorial | 9,097 | 8,837 | 9,638 |
| Bad debts expense (recovery) | 655,924 | 631,064 | (583,500) |
| Consulting fees | 157,495 | 18,809 | - |
| Total operating expenses | <u>10,876,713</u> | <u>10,623,716</u> | <u>10,163,492</u> |
| INCOME FROM OPERATIONS | <u>2,553,146</u> | <u>3,356,717</u> | <u>6,741,822</u> |
| OTHER INCOME (EXPENSE): | | | |
| Gain on sale of division | - | - | 1,387 |
| Goodwill impairment | - | (225,963) | - |
| Gain (loss) on disposal of assets | 16,020 | (8,091) | (23,625) |
| Interest income | 66,754 | 94,586 | 118,301 |
| Interest expense | (277,499) | (137,713) | (120,859) |
| | <u>(194,725)</u> | <u>(277,180)</u> | <u>(24,796)</u> |
| NET INCOME | <u>\$ 2,358,421</u> | <u>\$ 3,079,537</u> | <u>\$ 6,717,026</u> |

The accompanying notes are an integral part of these financial statements

Windermere Real Estate Services Company

Combined Statement of Changes in Stockholders' Equity (Deficit)

| | Years Ended December 31, 2012, 2011 and 2010 | | |
|-----------------------------|--|-----------------------------------|--|
| | Common Stock | Retained Earnings (Deficit) | Total Stockholders' Equity (Deficit) |
| BALANCES, DECEMBER 31, 2009 | \$ 500 | \$ 2,751,609 | \$ 2,752,109 |
| DEDUCT: | | | |
| Distributions | - | (6,100,000) | (6,100,000) |
| NET INCOME | - | 6,717,026 | 6,717,026 |
| BALANCES, DECEMBER 31, 2010 | 500 | 3,368,635 | 3,369,135 |
| ADD: | | | |
| Windermere Solutions, LLC | 10,000 | (309,688) | (299,688) |
| DEDUCT: | | | |
| Distributions | - | (5,197,000) | (5,197,000) |
| NET INCOME | - | 3,079,537 | 3,079,537 |
| BALANCES, DECEMBER 31, 2011 | 10,500 | 941,484 | 951,984 |
| DEDUCT: | | | |
| Distributions | - | (6,081,000) | (6,081,000) |
| NET INCOME | - | 2,358,421 | 2,358,421 |
| BALANCES, DECEMBER 31, 2012 | \$ 10,500 | \$ (2,781,095) | \$ (2,770,595) |

The accompanying notes are an integral part of these financial statements

Windermere Real Estate Services Company

Combined Statement of Cash Flows

| | Years Ended December 31, | | |
|--|--------------------------|--------------|--------------|
| | 2012 | 2011 | 2010 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net Income | \$ 2,358,421 | \$ 3,079,537 | \$ 6,717,026 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 1,031,586 | 299,801 | 275,568 |
| Gain on sale of division | - | - | (1,387) |
| (Gain) loss on disposal of assets | (16,020) | 8,091 | 23,625 |
| Bad debts | 655,924 | 631,064 | (583,500) |
| Write-off of goodwill | - | 225,963 | - |
| Cash provided by (used in) changes in operating assets and liabilities | | | |
| Receivables | (464,463) | (489,713) | 182,639 |
| Due from related company | (53,445) | 98,485 | (237,956) |
| Reimbursable expenses | - | 529 | 159 |
| Prepaid expenses | 125,440 | (120,596) | (140,557) |
| Other assets | 10,985 | 70,404 | - |
| Accounts payable | 33,596 | 198,731 | 40,488 |
| Deferred income | (112,390) | 130,875 | - |
| Accrued expenses | (27,157) | 96,515 | (120,038) |
| Net cash provided by operating activities | 3,542,477 | 4,229,685 | 6,156,067 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchases of property and equipment | (314,248) | (255,820) | (159,131) |
| Proceeds from sale of assets | 20,000 | - | - |
| Advance to stockholder on note receivable | (1,650,000) | - | - |
| Capitalized software costs | (1,254,942) | (3,528,711) | - |
| Net cash used in investing activities | (3,199,190) | (3,784,531) | (159,131) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from notes payable to related company | 71,793 | 5,862,864 | 413,113 |
| Payments on notes payable to related company | (4,924,409) | (173,228) | (104,409) |
| Proceeds from bank borrowing | 9,000,000 | - | - |
| Loan fees paid | (53,164) | - | - |
| Subscription receivable | - | 10,000 | - |
| Distributions to stockholders | (6,081,000) | (5,197,000) | (8,100,000) |
| Net cash provided by (used in) financing activities | (1,986,780) | 502,636 | (7,791,296) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,643,493) | 947,790 | (1,794,360) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 2,157,017 | 1,209,227 | 3,003,587 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 513,524 | \$ 2,157,017 | \$ 1,209,227 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | | |
| Cash paid for interest, net of interest capitalized of \$14,247 in 2012 and \$70,883 in 2011 | \$ 276,301 | \$ 118,995 | \$ 120,859 |

The accompanying notes are an integral part of these financial statements

Windermere Real Estate Services Company

Notes to Combined and Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

Windermere Real Estate Services Company, (WRESC) is a Washington corporation formed in 1983 for the purpose of licensing and providing support and auxiliary services to firms licensed to conduct business under the name Windermere Real Estate. WRESC is the owner of the trade names Windermere Real Estate and Windermere and the Windermere Real Estate trademark, service mark and logotype. WRESC sells franchises to real estate brokerages located in the western United States and Hawaii. In return for providing real estate brokerages the use of the trade names, service mark and logotype, and for providing supporting services, the Company charges royalties and other fees.

Windermere Services Oregon, Inc. (WSO) is an Oregon corporation formed in 2004 for the purpose of licensing and providing support and auxiliary services to firms licensed to conduct business under the name Windermere Real Estate. As a regional representative for WRESC, WSO sells franchises to real estate brokerages located in the state of Oregon. In return for providing real estate brokerages the use of the trade names, service mark and logotype, and for providing supporting services, the Company charges royalties and other fees and pays a portion of these fees to WRESC for use of its intangible assets.

As of December 31, 2012 and 2011, there were 283 and 285 operating franchise offices, respectively. There were 11, 14, and 17 franchise offices opened during the years ended December 31, 2012, 2011 and 2010, respectively.

Windermere Solutions, LLC (WSLLC) is a Washington limited liability company founded in 2010 for the purpose of developing technology solutions for the real estate industry.

Basis of Combination:

Through 2010, the combined financial statements of Windermere Real Estate Services Company include the accounts of the WRESC and those of WSO. Due to common control between the two companies, management has decided to present combined financial statements.

During 2010, the Company sold its technology division to WSLLC. WSLLC purchased certain assets and assumed certain liabilities. In 2010, the Company recognized a gain of \$1,387 related to the sale. During 2010, management determined that WSLLC was not a variable interest entity and that consolidation of WSLLC into the Company's financial statements was not required.

As more fully described in Note 4, in 2011 WSLLC refinanced their credit facility with a bank. Under the terms of the agreement, WRESC and its shareholders are required to guarantee the credit facility. As a result, WSLLC is required to be consolidated into the 2011 and 2012 financial statements.

All material intercompany transactions have been eliminated. WRESC, WSO and WSLLC are hereafter collectively referred to as "the Company."

NOTE 1 – continued:

Summary of Significant Accounting Policies:

- a. *Revenue recognition* - Revenues are recognized when evidence of an agreement exists, delivery has occurred or services have been rendered, fees are fixed or determinable and collection is reasonably assured.

WRESC and WSO revenue is generally based on royalty agreements negotiated with the brokerages. New franchise revenues are earned when the service obligations have been met. Invoices are generally issued on a monthly basis, and are payable on receipt.

WSLLC earns revenues from WSREC franchisees and related agents, and, in 2012, it commenced sales of services and software to third parties. WSLLC revenue is recognized when all criteria required for revenue recognition described above have been met.

- b. *Cash and cash equivalents* - The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.
- c. *Accounts receivable* - Accounts receivable are recorded as earned and when receivable and are presented in the balance sheet net of the allowance for doubtful accounts. Receivables are considered past due when brokerages fail to make payments per the contractual terms. Receivables are written-off when they are determined to be uncollectible. An allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions in the real estate industry, and the financial stability of the individual brokerages.

The Company grants credit to substantially all of its brokerage customers. A significant portion of the brokerages' ability to pay for the services provided is dependent upon the economic conditions of the real estate industry.

Long-term receivables on the Company's balance sheet result from deferred payment agreements with brokerages in certain real estate markets. Deferred payment agreements are generally secured by the personal guarantees of the brokerages' owners.

The total allowance for doubtful accounts was \$1,150,000 and \$2,500,630 at December 31, 2012 and 2011, respectively. At December 31, 2012 and 2011, \$393,752 and \$1,497,966, respectively, of the allowance account was applied against long-term receivables.

- d. *Advertising costs* - The Company expenses the production costs of advertising as incurred. The Company conducts limited advertising on its own behalf. Most advertising is done on behalf of the brokerages and is reimbursed by them to the Company.
- e. *Property and equipment* - Property and equipment are carried at cost. When retired or otherwise disposed of, the related carrying value and accumulated depreciation are removed from the respective accounts and the difference, less any amount realized from disposition, is reflected in earnings. Maintenance and repairs are charged to operating expenses. Costs of significant improvements and renewals are capitalized.

NOTE 1 – continued:

Summary of Significant Accounting Policies (continued)

For financial statement purposes, depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of leasehold improvements do not exceed the remaining term of the respective leases.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Depreciation expense was \$273,348, \$255,284, \$274,923 for the years ended December 31, 2012, 2011 and 2010, respectively.

- f. *Intangible Assets* - The Company's finite-lived intangible assets include capitalized website development costs, internal use software, software to be sold, leased or otherwise marketed, trademarks and a domain name. Capitalized costs include costs incurred during the software development stage of each project, costs related to upgrades and enhancements that add functionality and capitalized patent costs.

Intangible assets with finite lives are amortized over the estimated useful life ranging from 5 to 15 years.

- g. *Goodwill* - The accounting for goodwill requires that we test the goodwill of our reporting units for impairment on an annual basis, or earlier when an event occurs or circumstances change such that it is more likely than not that an impairment may exist. Our annual testing date is in the fourth quarter. In assessing the existence of impairment, our considerations include the impact of significant adverse changes in market and economic conditions; the results of our operational performance and strategic plans; unanticipated changes in competition; market share; and the potential for the sale or disposal of all or a significant portion of our business or a reporting unit. Goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its fair value. During 2011, due to the continued decline in certain market areas and revenues, management determined that goodwill was impaired.
- h. *Income taxes* - WRESC and WSO, with the consent of their stockholders, have elected under the Internal Revenue Code to be taxed as S corporations. In lieu of corporate income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. The Company generally expects to distribute an amount sufficient for the stockholders to pay such taxes.

WSLLC has elected under the Internal Revenue Code to be an LLC, taxable as a Partnership. In lieu of corporate income taxes, the partners of a partnership are taxed on their proportionate share of the Company's taxable income.

Tax returns are generally open to examination for 3 years after filing. Therefore, tax returns for years 2008 and prior are no longer subject to examination.

- i. *Use of estimates* - Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosures of contingent assets and liabilities. Actual results could vary from the estimates that were used.

NOTE 2 – INTANGIBLES:

The components of intangible assets are as follows:

| <i>Year ended</i> | 2012 | | | 2011 | | |
|---|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Web Development Costs | \$ 3,068,562 | \$ 573,858 | \$ 2,494,704 | \$2,381,514 | \$40,925 | \$ 2,340,589 |
| Internally Developed Software | 1,170,365 | 167,757 | 1,002,608 | 993,392 | 2,950 | 990,442 |
| Software to be Sold, Leased or Marketed | 615,754 | 53,936 | 561,818 | 224,832 | - | 224,832 |
| Domain Name | 9,666 | 9,666 | 0 | 9,666 | 9,503 | 613 |
| Total – Finite Lived | 4,864,347 | 805,217 | 4,059,130 | 3,609,404 | 52,928 | 3,556,476 |
| Indefinite Lived | 300,000 | - | 300,000 | 300,000 | - | 300,000 |
| Total Intangible Assets | \$ 5,164,347 | \$ 805,217 | \$ 4,359,130 | \$ 3,909,404 | \$ 52,928 | \$ 3,856,476 |

We estimate that we have no significant residual value related to our intangible assets. No impairments of intangible assets were identified during any of the periods presented.

The components of intangible assets acquired during 2012 were as follows:

| | Amount | Weighted Average Life |
|---|---------------------|-----------------------|
| Web Development Costs | \$ 687,048 | 4.03 |
| Internally Developed Software | 176,973 | 4.28 |
| Software to be Sold, Leased or Marketed | 390,922 | 4.56 |
| Total | \$ 1,254,943 | 4.21 |

Intangible amortization expense was \$752,289, \$44,520, and \$644 for the years ended December 31, 2012, 2011 and 2010, respectively.

NOTE 2 – continued:

The following table outlines the estimated future amortization expense related to intangible assets held at December 31, 2012:

| Year ending December 31, | |
|-----------------------------|--------------------|
| 2013 | \$970,936 |
| 2014 | 970,936 |
| 2015 | 970,936 |
| 2016 | 927,031 |
| 2017 | 219,291 |
| | <u>\$4,059,130</u> |

NOTE 3 – FAIR VALUE MEASUREMENTS:

GAAP provides a framework for measuring fair value and establishes a fair value hierarchy which prioritizes the inputs used in measuring fair value summarized as follows:

- Level 1: Fair value determined based on quoted prices in active markets for identical assets.
- Level 2: Fair value determined using significant other observable inputs.
- Level 3: Fair value determined using significant unobservable inputs.

The Company's assets measured at fair value in 2011 on a nonrecurring basis are summarized below:

| Non-financial Asset | December 31, 2011 | | | |
|---------------------|-------------------------|------------------------------|--------------|-------------------------|
| | Fair Value Hierarchy | Pre- impairment Amount | Total Losses | Estimated Fair Value |
| Goodwill | Level 3 | \$225,963 | (\$225,963) | \$0 |

The fair value of goodwill was required to be assessed in 2011 due to indications of impairment. The estimated fair value was based on assumptions derived principally from unobservable market data adjusted by management for assumptions of both a hypothetical exchange transaction and a hypothetical market, based on estimated future cash flows and expected performance. No assets were measured at fair value as of December 31, 2012.

NOTE 4 – LINES OF CREDIT:

During 2011, WSLLC had the ability to borrow up to \$6,000,000 of funds from the Washington Loan Company, Inc. (WLC), a company that is owned by the Company's principal stockholder. The purpose of this loan was to support WSLLC operations.

NOTE 4 – continued:

In December 2011, the company entered into a loan agreement with a bank to allow for borrowings of up to \$6,000,000. The loan agreement was entered into on December 15, 2011 but the proceeds from the loan were not received until January 3, 2012. The proceeds of the loan agreement were used to fund operations and to pay off the line of credit with WLC. The line of credit facility is secured by the assets of WSLLC and is guaranteed by the Company and its stockholders and members. If the Company is in compliance with the terms of the loan agreement, on July 1, 2014, the then outstanding balance will be converted to a 5-year term loan, with principal payable on the first day of each month in equal successive installments commencing August 1, 2014 through June 1, 2019, and with a final installment of all remaining and unpaid principal due July 1, 2019. The outstanding principal balance bears interest at LIBOR plus 1.75% (2% at December 31, 2012). The interest rate is reset on a monthly basis. The interest terms remain the same upon the conversion to a 5-year term loan.

During 2012, the loan agreement with the bank was modified to allow for borrowings of up to \$9,000,000. Under the terms of the modification, the guarantee of the majority stockholder in WRESC was limited to \$6,000,000 and a building owned by common ownership was added as collateral.

Subsequent to year end, the Company entered into a commitment with the bank to modify the loan agreement to allow for borrowings of up to \$13,000,000. Under the terms of the modification, the guarantee of the majority stockholder in WRESC was limited to \$10,000,000. In addition, the payback terms were adjusted to a 10-year amortization period with a balloon payment due July 1, 2019 for all remaining and unpaid principal and interest.

NOTE 5 – LINES OF CREDIT AND NOTES PAYABLE:

Notes payable to consisted of the following:

| | December 31, | |
|---|--------------|-----------|
| | 2012 | 2011 |
| Line of credit payable to Bank; see Note 4. | \$9,000,000 | \$0 |
| Note payable to WLC; unsecured. Interest at variable rates (4% at December 31, 2012). Due on demand, however, by agreement, no payment is scheduled. | 2,124,761 | 2,124,761 |
| Note payable to related party through partial common ownership, unsecured. Interest at 5.25%, due on demand. | 1,110,000 | - |
| Notes payable to WLC; unsecured. Interest at 4%. By agreement, paid in monthly installments of principal and interest, with aggregating minimum of \$20,000 principal payments each year. | 175,819 | 195,819 |
| Notes payable to WLC; unsecured. Interest at 4%. Monthly payments of principal and interest totaling \$7,647. Due on February 1, 2013. | 15,217 | 104,423 |
| Notes payable to WLC; unsecured. Interest at 4%. Monthly payments of principal and interest totaling \$3,399. Due on February 1, 2015. | 81,392 | 118,118 |

NOTE 5 – continued:

| | | |
|---|---------------------|--------------------|
| Notes payable to WLC; unsecured. Interest at 4%. Monthly payments of principal and interest totaling \$1,322. Due on January 1, 2017. | 59,682 | - |
| Notes payable to WLC; unsecured. Interest at 4%. Monthly payments of principal and interest totaling \$1,379. Due on January 1, 2016. | 47,922 | 62,234 |
| Notes payable to WLC paid off during 2012 | | <u>5,862,054</u> |
| | 12,614,793 | 8,467,409 |
| Less current maturities | <u>102,071</u> | <u>171,014</u> |
| | <u>\$12,512,722</u> | <u>\$8,296,395</u> |

Scheduled maturities of the bank line of credit and notes payable (excluding the note payable to WLC in the amount of \$2,124,761 as repayment of this note is not scheduled) are as follows:

| <u>Year ending</u> <u>December 31,</u> | |
|---|---------------------|
| 2013 | \$102,071 |
| 2014 | 10,199,577 |
| 2015 | 54,398 |
| 2016 | 36,849 |
| 2017 | 21,318 |
| Thereafter | <u>75,819</u> |
| | <u>\$10,490,032</u> |

The expected maturities presented above present the demand note payable to a related party as due in 2014. The Company plans to pay off the demand note payable with the additional borrowings allowed under the terms of the line of credit. These bank borrowings are presented above as due in 2014, as the criteria allowing for term payments have not yet been met.

Interest expense relating to notes payable to related parties totaled \$134,507, \$137,713, and \$120,859 for the years ended December 31, 2012, 2011 and 2010, respectively. In addition to the interest expensed, during 2012 and 2011, the Company capitalized \$14,247 and \$70,883 of interest costs paid to related parties, respectively.

NOTE 6 – COMMITMENTS:

The Company leases its operational facilities under four operating leases with various terms through December 31, 2021. The leases require the Company to pay a proportionate share of common area maintenance charges and other expenses. Rent expense for the years ended December 31, 2012, 2011 and 2010 was \$438,211, \$461,631, and \$474,186 respectively. The Company subleased a portion of these facilities to an unrelated third party under a long-term operating lease agreement that expired December 31, 2009. Three of the operating leases are with companies owned by all or a portion of the Company's stockholders, two of which the terms are month to month. Payments under related-party leases totaled \$359,205, \$369,482 and \$374,970 for the years ended December 31, 2012, 2011 and 2010, respectively. Rental sublease income was \$18,397, \$30,677, and \$36,250 for the years ended December 31, 2012, 2011 and 2010 respectively.

In addition to commitments for facilities, WSLLC has entered into a non-cancellable long-term licensing agreement for use of software.

Future minimum rent and licensing obligations are as follows:

| Year ending December 31, | Related party facility leases | Other facility leases | Licenses | Total commitments |
|-----------------------------------|----------------------------------|--------------------------|------------------|----------------------|
| 2013 | \$77,588 | \$20,453 | \$96,176 | \$194,217 |
| 2014 | 77,588 | - | 96,176 | 173,764 |
| 2015 | 77,588 | - | 48,088 | 125,676 |
| 2016 | 77,558 | - | - | 77,588 |
| 2017 | 77,558 | - | - | 77,588 |
| Thereafter | 278,025 | - | - | 278,025 |
| | <u>\$665,965</u> | <u>\$20,453</u> | <u>\$240,440</u> | <u>\$926,858</u> |

During 2009, the Company's majority stockholder entered into an annuity trust agreement which transferred approximately 83% of the outstanding shares in the Company to the trust. The majority stockholder maintains control of the shares until the expiration of five years or the majority stockholder's death, at which time the shares will be transferred to the minority stockholders in equal proportion. The terms of the trust agreement require an annuity amount to be paid to the trust on an annual basis. The Company is not a party to the trust agreement. While the Company is not required to make payments to the trust, it is expected that the annuity payments will be funded through Company distributions.

NOTE 7 – RETIREMENT PLAN:

The Company sponsors the Windermere Retirement Plan, a defined contribution 401(k) plan for all employees of the Company and other franchise employees and agents meeting age and length of service requirements. Generally, participants may make 401(k) contributions based on a percentage of their annual compensation, subject to statutory limits.

NOTE 7 – continued:

The plan is intended to satisfy the “safe-harbor” rules established by the Internal Revenue Service. Accordingly, the Company is required to contribute matching contributions equal to the first 3% of compensation contributed by Company employees, and 50% of compensation greater than 3% but less than 5%. There is no Company matching requirement for other franchise employees and agents. The matching requirement for agents and other franchise employees is the responsibility of those participants’ respective employers.

At the Company’s option, additional amounts may be contributed for the benefit of the Company’s employees. Total Company employer contributions were \$144,166, \$116,298 and \$127,333 for the years ended December 31, 2012, 2011 and 2010, respectively.

NOTE 8 – OTHER RELATED-PARTY TRANSACTIONS:

As noted above, the Company has certain borrowing and leasing arrangements with companies related to the Company through mutual ownership.

The Company’s principal stockholder owns varying equity interests in brokerages for whom the Company performs services. In addition, the Company’s stockholders have controlling interests in certain companies that act as area representatives for the Company. Total revenues earned under these arrangements totaled \$4,697,762, \$4,812,956 and \$5,022,312 during the years ended December 31, 2012, 2011 and 2010, respectively. Accounts receivable from these companies totaled \$483,890, \$466,288 and \$770,051 at December 31, 2012, 2011 and 2010, respectively. As a result of the common control of the area representatives, the operating results or financial position of the Company could differ significantly if these transactions were conducted with a third party.

At December 31, 2010, the Company had receivables of \$280,655 from WSLLC.

In 2012, the Company advanced \$1,650,000 to the majority stockholder under a short term note arrangement. The note bears interest at 1.5%, and the company recognized \$15,325 of interest income on the note in 2012. The stockholder repaid the advance in 2013.

NOTE 9 – COMMON STOCK:

Windermere Real Estate Services Company:

Common stock outstanding consists of 10,000 shares of Class A common stock without par value and 4,990,000 shares of Class B common stock, also without par value. Shares of Class A stock are entitled to one vote per share in all corporate matters. Class B stock is non-voting. The two classes of stock are identical in all other respects.

Windermere Services Oregon, Inc.:

Common stock consists of 1,000 shares of Class A common stock without par value and 99,000 shares of Class B common stock, also without par value. Shares of Class A stock are entitled to one vote per share in all corporate matters. Class B stock is non-voting. The two classes of stock are identical in all other respects.

NOTE 9 – continued:

Windermere Solutions, LLC:

Members' capital accounts consist of total capital contributions of \$10,000 contributed equally by four members. If additional contributions are necessary, each member shall contribute his or her pro rata share based upon the member's capital account.

NOTE 10 – CONTINGENCIES:

The Company is involved from time to time in claims, proceedings and litigation arising in the ordinary course of business. The Company does not believe that any such claims, proceedings or litigation either alone or in the aggregate, will have a material effect on the Company's financial position or results of operations.

NOTE 11 – CONCENTRATIONS OF RISK:

The Company obtains the majority of its revenues from services performed for residential real estate brokerages concentrated in Washington, Oregon, and the western United States. Accordingly, a downturn in the residential real estate market or a downturn in economic conditions in these regions could adversely affect the Company.

The Company's cash balances may, at times, exceed federally insured limits. The Company also holds cash in money market accounts that are not federally insured. This risk is mitigated by maintaining all deposits in high quality financial institutions. The Company believes it is not exposed to any significant credit risk on its cash accounts.

The Company grants credit to its brokerages and generally does not require collateral or other security.

NOTE 12 – SUBSEQUENT EVENTS:

The Company has evaluated subsequent events through March 26, 2013, the date which the financial statements were available to be issued. See Notes 4, 5 and 8.

Windermere Real Estate Service Company and its Affiliates

**Independent Auditor's Report on
Supplemental Consolidating Statements**

March 26, 2013

Board of Directors and Stockholders
Windermere Real Estate Services Company

We have audited the combined financial statements of Windermere Real Estate Service Company and its Affiliates as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011, and 2010, and our report thereon dated March 26, 2013, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental combining balance sheets as of December 31, 2012 and 2011, and combining statements of income for the years ended December 31, 2012, 2011 and 2010, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Smith Bunday Berman Britton, P.S.

Windermere Real Estate Services Company

Combining Balance Sheet
As of December 31, 2012

| | WRESC | WSOR | WSLLC | Eliminations | Total |
|--|------------------|----------------|----------------|------------------|------------------|
| ASSETS | | | | | |
| CURRENT ASSETS: | | | | | |
| Cash and cash equivalents | \$ 464,596 | \$ 4,466 | \$ 44,461 | | \$ 513,523 |
| Accounts receivable, net of allowance for doubtful accounts | 1,367,243 | 218,154 | 14,542 | (105,601) | 1,494,338 |
| Related party accounts receivable | - | - | 320,288 | (320,288) | - |
| Reimbursable expenses | 975 | - | - | - | 975 |
| Prepaid expenses | 4,013 | 2,673 | 85,522 | - | 92,208 |
| Shareholder note receivable | 1,650,000 | - | - | - | 1,650,000 |
| Total current assets | 3,486,827 | 225,293 | 464,813 | (425,889) | 3,751,044 |
| PROPERTY AND EQUIPMENT: | | | | | |
| Promotional facility | 2,426,647 | - | - | - | 2,426,647 |
| Office furniture and equipment | 522,133 | 41,968 | 988,709 | - | 1,552,810 |
| Leasehold improvements | 148,330 | - | 44,723 | - | 193,053 |
| Transportation equipment | 96,326 | - | - | - | 96,326 |
| | 3,193,436 | 41,968 | 1,033,432 | - | 4,268,836 |
| Less accumulated depreciation | 1,489,352 | 26,115 | 642,634 | - | 2,158,101 |
| | 1,704,084 | 15,853 | 390,798 | - | 2,110,735 |
| OTHER ASSETS: | | | | | |
| Receivables, long-term, net of allowance for doubtful accounts | 242,555 | - | - | - | 242,555 |
| Deposits | - | 6,818 | - | - | 6,818 |
| Other assets | - | - | 48,364 | - | 48,364 |
| Intangibles | 320,818 | - | 4,038,312 | - | 4,359,130 |
| | 563,373 | 6,818 | 4,086,676 | - | 4,656,867 |
| | | | | | - |
| | \$ 5,754,284 | \$ 247,964 | 4,942,287 | \$ (425,889) | \$ 10,518,646 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES: | | | | | |
| Accounts payable | \$ 44,574 | \$ 48,849 | 204,090 | \$ (60,601) | \$ 236,912 |
| Related party accounts payable | 320,288 | - | - | (320,288) | - |
| Contract service fees payable | - | 45,000 | - | (45,000) | - |
| Business and payroll taxes | 14,908 | - | 5,039 | - | 19,947 |
| Accrued expenses | 195,989 | 21,463 | 181,652 | - | 399,104 |
| Deferred Income | 18,485 | - | - | - | 18,485 |
| Stockholder distributions payable | - | - | - | - | - |
| Current maturities of notes payable | 48,630 | - | 53,441 | - | 102,071 |
| Total current liabilities | 642,874 | 115,312 | 444,222 | (425,889) | 776,519 |
| LONG-TERM LIABILITIES: | | | | | |
| Note payable to bank | - | - | 9,000,000 | - | 9,000,000 |
| Notes payable to related companies | 2,359,554 | - | 1,153,168 | - | 3,512,722 |
| | 3,002,428 | 115,312 | 10,597,390 | (425,889) | 13,289,241 |
| COMMITMENTS | | | | | |
| STOCKHOLDERS' EQUITY: | | | | | |
| Common stock, no par value, 10,000,000 shares authorized; 5,000,000 shares issued and outstanding | 500 | - | 10,000 | - | 10,500 |
| Retained earnings/(deficit) | 2,751,356 | 132,652 | (5,665,103) | - | (2,781,095) |
| | 2,751,856 | 132,652 | (5,655,103) | - | (2,770,595) |
| | \$ 5,754,284 | \$ 247,964 | 4,942,287 | \$ (425,889) | \$ 10,518,646 |

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

Windermere Real Estate Services Company

Combining Balance Sheet
As of December 31, 2011

| ASSETS | WRESC | WSOR | WLLC | Eliminations | Total |
|--|---------------------|-------------------|--------------------|--------------------|----------------------|
| CURRENT ASSETS: | | | | | |
| Cash and cash equivalents | \$ 1,953,126 | \$ 21,959 | \$ 181,932 | | \$ 2,157,017 |
| Accounts receivable, net of allowance for doubtful accounts | 726,309 | 215,394 | 17,509 | (98,471) | 860,741 |
| Related party accounts receivable | 26 | - | - | | 26 |
| Reimbursable expenses | 975 | - | - | | 975 |
| Prepaid expenses | 79,754 | - | 137,894 | | 217,648 |
| Total current assets | <u>2,760,190</u> | <u>237,353</u> | <u>337,335</u> | <u>(98,471)</u> | <u>3,236,407</u> |
| PROPERTY AND EQUIPMENT: | | | | | |
| Promotional facility | 2,426,647 | - | - | | 2,426,647 |
| Office furniture and equipment | 516,000 | 81,370 | 803,292 | | 1,400,662 |
| Leasehold improvements | 146,701 | - | 44,723 | | 191,424 |
| Transportation equipment | 73,194 | - | - | | 73,194 |
| | <u>3,162,542</u> | <u>81,370</u> | <u>848,015</u> | | <u>4,091,927</u> |
| Less accumulated depreciation | 1,438,662 | 56,995 | 522,454 | | 2,018,111 |
| | <u>1,723,879</u> | <u>24,375</u> | <u>325,562</u> | | <u>2,073,816</u> |
| OTHER ASSETS: | | | | | |
| Receivables, long-term, net of allowance for doubtful accounts | 1,074,743 | - | - | | 1,074,743 |
| Deposits | - | 6,818 | - | | 6,818 |
| Other assets | - | - | 42,135 | | 42,135 |
| Intangibles | 327,363 | - | 3,529,113 | | 3,856,476 |
| | <u>1,402,106</u> | <u>6,818</u> | <u>3,571,248</u> | | <u>4,980,171</u> |
| | <u>\$ 5,886,175</u> | <u>\$ 268,546</u> | <u>4,234,144</u> | <u>\$ (98,471)</u> | <u>\$ 10,290,394</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES: | | | | | |
| Accounts payable | \$ 103,359 | \$ 23,122 | 167,437 | | \$ 293,918 |
| Related party accounts payable | (3,055) | - | 3,055 | | (0) |
| Contract service fees payable | - | 98,471 | - | (98,471) | - |
| Business and payroll taxes | 13,766 | - | 2,339 | | 16,105 |
| Accrued expenses | 213,220 | 13,142 | 203,740 | | 430,102 |
| Deferred Income | 130,875 | - | - | | 130,875 |
| Stockholder distributions payable | - | - | - | | - |
| Current maturities of notes payable | 37,004 | - | 134,010 | | 171,014 |
| Total current liabilities | <u>495,170</u> | <u>134,735</u> | <u>510,581</u> | <u>(98,471)</u> | <u>1,042,015</u> |
| LONG-TERM LIABILITIES: | | | | | |
| Notes payable to related company | 2,348,503 | - | 5,947,892 | | 8,296,395 |
| | <u>2,843,673</u> | <u>134,735</u> | <u>6,458,473</u> | <u>(98,471)</u> | <u>9,338,410</u> |
| COMMITMENTS | | | | | |
| STOCKHOLDERS' EQUITY: | | | | | |
| Common stock, no par value, 10,000,000 shares authorized; 5,000,000 shares issued and outstanding | 500 | - | 10,000 | | 10,500 |
| Retained earnings/(deficit) | 3,042,003 | 133,810 | (2,234,329) | | 941,484 |
| | <u>3,042,503</u> | <u>133,810</u> | <u>(2,224,329)</u> | | <u>951,984</u> |
| | <u>\$ 5,886,175</u> | <u>\$ 268,546</u> | <u>4,234,144</u> | <u>\$ (98,471)</u> | <u>\$ 10,290,394</u> |

The accompanying notes are an integral part of these financial statements

Windermere Real Estate Services Company

Combining Statement of Income

For the Year Ended December 31, 2012

| | WRESC | WSOR | WSLLC | Eliminations | Total |
|-----------------------------------|---------------------|-------------------|-----------------------|----------------|---------------------|
| REVENUES | | | | | |
| Continuing franchise fees | \$ 11,711,106 | \$ 2,000,525 | \$ 2,165,196 | \$ (1,143,428) | \$ 14,733,399 |
| New franchise fees | 52,500 | 8,000 | - | - | 60,500 |
| Other | 1,747,868 | 27,310 | 183,239 | - | 1,958,417 |
| Service Fees | - | (1,143,428) | - | 1,143,428 | - |
| | <u>13,511,474</u> | <u>892,407</u> | <u>2,348,435</u> | <u>-</u> | <u>16,752,316</u> |
| COST OF GOODS SOLD | | | | | |
| Salaries | - | - | 2,074,149 | - | 2,074,149 |
| Consultants | - | - | 178,317 | - | 178,317 |
| Amortization | - | - | 745,743 | - | 745,743 |
| Hosting | - | - | 164,551 | - | 164,551 |
| Email | - | - | 139,571 | - | 139,571 |
| Maintenance | - | - | - | - | - |
| Other | 8,500 | 486 | 11,140 | - | 20,126 |
| | <u>8,500</u> | <u>486</u> | <u>3,313,471</u> | <u>-</u> | <u>3,322,457</u> |
| OPERATING EXPENSES: | | | | | |
| Salaries | 3,792,102 | 397,948 | 1,110,831 | - | 5,300,881 |
| Promotional | 1,272,232 | 165,400 | 7,744 | - | 1,445,376 |
| Business taxes | 412,535 | 38,891 | 21,098 | - | 472,524 |
| Rent | 170,385 | 79,006 | 188,820 | - | 438,211 |
| Major events | 387,828 | 34,468 | 43,316 | - | 465,612 |
| Depreciation and amortization | 144,846 | 14,866 | 126,130 | - | 285,842 |
| Technology | 4,039 | 7,952 | 26,914 | - | 38,905 |
| Travel and entertainment | 205,182 | 16,720 | 41,186 | - | 263,088 |
| Employee benefits | 127,900 | 14,514 | 44,494 | - | 186,908 |
| Dues, licenses, and fees | 32,233 | 2,528 | 283,104 | - | 317,865 |
| Supplies | 61,413 | 14,866 | 10,540 | - | 86,819 |
| Professional fees | 222,216 | 14,979 | 173,526 | - | 410,721 |
| Retirement plan | 96,253 | 13,366 | - | - | 109,619 |
| Education | 48,756 | 1,056 | - | - | 49,812 |
| Repair and maintenance | 22,112 | 186 | - | - | 22,298 |
| Telephone | 26,095 | 6,587 | 19,954 | - | 52,636 |
| Miscellaneous | 2,121 | 11,335 | 9,330 | - | 22,786 |
| Insurance | 11,503 | 1,018 | 20,612 | - | 33,133 |
| Auto | 16,422 | 12,230 | - | - | 28,652 |
| Postage and printing | 9,254 | 446 | 562 | - | 10,262 |
| Utilities | 11,835 | 412 | - | - | 12,247 |
| Janitorial | 9,097 | - | - | - | 9,097 |
| Bad debts expense | 614,007 | 41,917 | - | - | 655,924 |
| Consulting fees | - | - | 157,495 | - | 157,495 |
| Total operating expenses | <u>7,700,366</u> | <u>890,691</u> | <u>2,285,656</u> | <u>-</u> | <u>10,876,713</u> |
| INCOME FROM OPERATIONS | <u>5,802,608</u> | <u>1,230</u> | <u>(3,250,692)</u> | <u>-</u> | <u>2,553,146</u> |
| OTHER INCOME (EXPENSE): | | | | | |
| Gain (loss) on disposal of assets | 20,000 | (3,980) | - | - | 16,020 |
| Interest income | 65,162 | 1,592 | - | - | 66,754 |
| Interest expense | (97,417) | - | (180,082) | - | (277,499) |
| | <u>(12,255)</u> | <u>(2,388)</u> | <u>(180,082)</u> | <u>-</u> | <u>(194,725)</u> |
| NET INCOME (LOSS) | <u>\$ 5,790,353</u> | <u>\$ (1,158)</u> | <u>\$ (3,430,774)</u> | <u>\$ -</u> | <u>\$ 2,358,421</u> |

The accompanying notes are an integral part of these financial statements

Windermere Real Estate Services Company

Combining Statement of Income For the Year Ended December 31, 2011

| | WRESC | WSOR | WSLLC | Eliminations | Total |
|--------------------------------|---------------|--------------|----------------|--------------|---------------|
| REVENUES | | | | | |
| Continuing franchise fees | \$ 11,240,785 | \$ 1,466,003 | \$ 1,754,838 | \$ (930,027) | \$ 13,531,600 |
| New franchise fees | 27,500 | - | - | - | 27,500 |
| Other | 1,696,415 | 335,951 | 142,905 | - | 2,175,271 |
| Service Fees | - | (930,027) | 0 | 930,027 | - |
| | 12,964,701 | 871,928 | 1,897,742 | - | 15,734,371 |
| COST OF GOODS SOLD | | | | | |
| Salaries | - | - | 869,439 | - | 869,439 |
| Consultants | - | - | 289,992 | - | 289,992 |
| Amortization | - | - | 40,926 | - | 40,926 |
| Hosting | - | - | 121,782 | - | 121,782 |
| Email | - | - | 80,346 | - | 80,346 |
| Maintenance | - | - | 259,149 | - | 259,149 |
| Other | - | - | 92,303 | - | 92,303 |
| | - | - | 1,753,938 | - | 1,753,938 |
| OPERATING EXPENSES: | | | | | |
| Salaries | 3,683,222 | 412,178 | 1,269,719 | - | 5,365,118 |
| Promotional | 1,477,459 | 164,461 | 549 | - | 1,642,468 |
| Business taxes | 438,495 | 35,629 | 16,622 | - | 490,747 |
| Rent | 186,302 | 78,252 | 197,076 | - | 461,631 |
| Major events | 83,225 | 35,927 | 22,500 | - | 141,652 |
| Depreciation and amortization | 149,916 | 2,947 | 106,012 | - | 258,875 |
| Technology | 38,307 | 8,856 | 70,900 | - | 118,062 |
| Travel and entertainment | 195,122 | 5,584 | 20,352 | - | 221,059 |
| Employee benefits | 119,762 | 15,168 | 102,425 | - | 237,355 |
| Dues, licenses, and fees | 20,360 | 2,556 | 118,109 | - | 141,025 |
| Supplies | 57,819 | 14,384 | 15,040 | - | 87,243 |
| Professional fees | 388,466 | 11,994 | 46,008 | - | 446,468 |
| Retirement plan | 79,286 | 13,646 | - | - | 92,932 |
| Education | 72,622 | 2,117 | - | - | 74,739 |
| Repair and maintenance | 25,462 | 25 | - | - | 25,487 |
| Telephone | 23,671 | 7,821 | 21,314 | - | 52,805 |
| Miscellaneous | 5,244 | 17,789 | 3,127 | - | 26,160 |
| Insurance | 20,579 | 1,372 | - | - | 21,951 |
| Auto | 14,714 | 14,257 | - | - | 28,971 |
| Postage and printing | 15,591 | 744 | 605 | - | 16,940 |
| Utilities | 13,317 | - | - | - | 13,317 |
| Janitorial | 8,837 | - | - | - | 8,837 |
| Bad debts expense | 590,564 | 40,500 | - | - | 631,064 |
| Consulting fees | - | - | 18,809 | - | 18,809 |
| Total operating expenses | 7,708,341 | 886,207 | 2,029,167 | - | 10,623,716 |
| INCOME FROM OPERATIONS | 5,256,359 | (14,279) | (1,885,363) | - | 3,356,717 |
| OTHER INCOME (EXPENSE): | | | | | |
| Goodwill impairment | (225,963) | - | - | - | (225,963) |
| Loss on disposal of assets | (8,091) | - | - | - | (8,091) |
| Interest income | 91,483 | 3,104 | - | - | 94,586 |
| Interest expense | (98,203) | (232) | (39,278) | - | (137,713) |
| | (240,774) | 2,872 | (39,278) | - | (277,180) |
| NET INCOME | \$ 5,015,585 | \$ (11,407) | \$ (1,924,641) | - | \$ 3,079,537 |

The accompanying notes are an integral part of these financial statements

Windermere Real Estate Services Company

Combining Statement of Income

For the Year Ended December 31, 2010

| | WRESC | WSOR | Eliminations | Total |
|--------------------------------|---------------|--------------|----------------|---------------|
| REVENUES | | | | |
| Continuing franchise fees | \$ 13,998,472 | \$ 1,821,879 | \$ (1,067,178) | \$ 14,753,173 |
| New franchise fees | 87,500 | - | | 87,500 |
| Other | 1,767,331 | 297,310 | | 2,064,641 |
| Service Fees | - | (1,067,178) | 1,067,178 | - |
| | 15,853,303 | 1,052,011 | | 16,905,314 |
| OPERATING EXPENSES: | | | | |
| Salaries | 5,313,698 | 529,293 | | 5,842,991 |
| Promotional | 1,581,343 | 245,335 | | 1,826,678 |
| Business taxes | 542,533 | 53,472 | | 596,005 |
| Rent | 391,338 | 82,848 | | 474,186 |
| Major events | 308,701 | - | | 308,701 |
| Depreciation and amortization | 273,463 | 2,105 | | 275,568 |
| Technology | 234,461 | - | | 234,461 |
| Travel and entertainment | 199,123 | 20,588 | | 219,711 |
| Employee benefits | 151,128 | 18,061 | | 169,189 |
| Dues, licenses, and fees | 139,647 | 1,147 | | 140,794 |
| Supplies | 121,323 | 1,621 | | 122,944 |
| Professional fees | 99,001 | 9,782 | | 108,783 |
| Retirement plan | 106,824 | - | | 106,824 |
| Education | 37,712 | 40,884 | | 78,596 |
| Repair and maintenance | 71,975 | 2,664 | | 74,639 |
| Telephone | 40,834 | 5,233 | | 46,067 |
| Miscellaneous | 4,825 | 27,162 | | 31,987 |
| Insurance | 22,772 | 950 | | 23,722 |
| Auto | 21,873 | - | | 21,873 |
| Postage and printing | 16,701 | 1,515 | | 18,216 |
| Utilities | 15,419 | - | | 15,419 |
| Janitorial | 9,638 | - | | 9,638 |
| Bad debts (recovery) expense | (583,500) | - | | (583,500) |
| Total operating expenses | 9,120,832 | 1,042,660 | | 10,163,492 |
| INCOME FROM OPERATIONS | 6,732,471 | 9,351 | | 6,741,822 |
| OTHER INCOME (EXPENSE): | | | | |
| Gain on transfer of assets | 1,387 | - | | 1,387 |
| Loss on disposal of assets | (23,625) | - | | (23,625) |
| Interest income | 118,301 | - | | 118,301 |
| Interest expense | (120,859) | - | | (120,859) |
| | (24,796) | - | | (24,796) |
| NET INCOME | \$ 6,707,675 | \$ 9,351 | | \$ 6,717,026 |

The accompanying notes are an integral part of these financial statements

EXHIBIT B



FRANCHISE LICENSE AGREEMENT

| | | |
|--|------|---------|
| 1. Date of this Agreement: | | |
| 2. Licensee's Legal Name | | |
| 3. Business Name as shown on Real Estate License | | |
| 4. "Common Name" and Address of Main Office | | |
| 5. "Common Name" and Address of Branch Office(s) | | |
| 6. Principals of Licensee | Name | % Owned |
| | | |
| | | |
| | | |
| 7. Projected Date that Licensee will commence doing business under the Windermere name | | |

THIS AGREEMENT is made and entered into as of the date stated above by and among WINDERMERE REAL ESTATE SERVICES COMPANY, a Washington corporation ("WSC"); the Licensee identified above ("Licensee"); and the individual principals of Licensee identified above.

RECITALS:

- A. WSC is the owner of: (i) the trade names "Windermere" and "Windermere Real Estate", and the Windermere logo which appears at the top of the first page of this Agreement (herein collectively referred to as the "Trademark"); (ii) the standards, methods, procedures, techniques, specifications and programs developed by WSC for the establishment, operation and promotion of independently owned real estate brokerage offices, as those standards, methods, procedures, techniques, specifications and programs may be added to, changed, modified, withdrawn or otherwise revised by WSC (herein collectively referred to as the "Windermere System"); (iii) related and associated trademarks, service marks and logotypes other than the Trademark; and (iv) all goodwill

connected with the Trademark and the Windermere System. WSC has the exclusive right to use and license others to use the Trademark and the Windermere System.

- B. Licensee desires to obtain the right to use the Trademark and the Windermere System and the services to be provided by WSC under the terms set forth in this Agreement.

THEREFORE in consideration of the mutual covenants contained herein and for other good and valuable consideration, the parties agree as follows.

1. Grant of License. Subject to the terms and conditions specified herein, WSC hereby grants to Licensee the revocable and non-exclusive right during the term of this Agreement to use the Trademark and Windermere System only in the conduct of real estate brokerage services; provided however that Licensee shall not incorporate the word Windermere or any of the other elements of the Trademark into Licensee's legal name as shown on its articles of incorporation, certificate of formation, or similar legal documents. Licensee may register one or more trade names incorporating the Windermere name, as permitted by Licensee's state and local laws, and may maintain such registrations only so long as this Agreement remains in effect. Licensee agrees that during the entire term of this Agreement, including the period of notice of expiration of the term, Licensee will in good faith actively and with Licensee's best efforts engage in the real estate brokerage business using the Trademark. During the term of this Agreement neither Licensee, nor any of its Principals, may directly or indirectly, (i) engage in any other competing real estate brokerage activity or (ii) sell all or any part of Licensee's real estate brokerage business or operating assets (including pending sales and listings) to a person or entity engaged in a competing real estate brokerage business.

2. Locations; No Exclusive Territory.

a. The license granted by this Agreement is limited to the location(s) shown on the first page of this Agreement, or otherwise approved in writing in advance by WSC in its sole discretion. If no initial location is specified on the first page of this Agreement at the time it is executed, WSC will approve or reject Licensee's initial proposed location within ten business days after receipt of written notice from Licensee requesting approval. If the parties are unable to agree on the location of Licensee's first office, then after three locations have been proposed and rejected Licensee may, at its request, be released from this Agreement and its initial franchise fee will be refunded in full. Once Licensee's initial location(s) have been approved, Licensee may not relocate any office or open additional office locations except with the advance approval of WSC, which may be withheld in their its discretion. Denial of any request to add or move an office shall not release Licensee from this Agreement.

b. Nothing in this Agreement shall be construed to confer or grant any exclusive territory, option, right of first refusal or other similar rights to acquire additional franchises or to any exclusive rights in any particular geographic area. WSC reserves the right to grant additional Windermere franchises within the Region at any time, in any location, including locations that may compete with Licensee's location(s) then in existence.

3. Windermere System. WSC shall provide guidance to Licensee with respect to the Windermere System. Such guidance shall, in WSC's discretion, be furnished in the form of written materials distributed physically or electronically, including through the Windermere Online Resource Center (WORC) intranet website, consultations by telephone or in person, or by other means of communication. WSC may, at Licensee's request, provide special assistance for which Licensee may be required to pay fees and/or expenses as WSC then charges. WSC may, in its sole discretion, develop, implement, modify and/or discontinue components of the Windermere System, including the addition of optional programs to enhance Licensee's business. WSC shall have the right, in its sole discretion, to condition Licensee's participation in any one or more of such programs upon Licensee being in compliance with this Agreement and any other agreements with WSC.

4. Compliance with Laws; REALTOR® Association Membership Required.

a. Licensee shall at all times fully comply with all applicable federal, state and local laws, regulations and ordinances which apply to the operations of Licensee's real estate brokerage business, including without limitation all applicable real estate licensing requirements for the state(s) in which Licensee's business operates. Failure to comply with any applicable laws or regulations shall constitute a material breach of this Agreement.

b. During the term of this Agreement Licensee and all of its individual brokers, managers and sales associates shall maintain membership in good standing with the National Association of REALTORS®, as well as any applicable state and/or local REALTOR® Associations for the geographic area(s) in which Licensee operates. Failure to maintain REALTOR® Association memberships as required shall constitute a material breach of this Agreement.

5. Ownership of Trademark. WSC expressly reserves the sole and exclusive ownership of the Windermere name and the Trademark, as well as the Windermere System and all other trademarks, service marks, logotypes or trade names (whether or not licensed hereunder) associated with the Windermere System. Licensee agrees not to use the Trademark, or any other marks associated with the Windermere System as part of its corporate name or for the purpose of advertising or operating its business, except in accordance with this Agreement, and in accordance with all approved reasonable standards of usage issued from time to time in writing by WSC. Upon request by WSC, Licensee shall cooperate fully and in good faith assist WSC to the extent necessary in the procurement of any protection of or to protect any of WSC's rights in and to the Trademark and the Windermere System or any rights pertaining thereto.

6. Protection of Trademark.

a. The parties recognize the importance of the protection and maintenance of the quality image and reputation associated with the name Windermere Real Estate. In furtherance of that objective, so long as this Agreement remains in full force and effect, WSC may approve reasonable standards of operation and service of the Licensee, including the issuance of guidelines with respect to the form, content, image and style of advertising materials including signs and signage, the standardized use of the Trademark, and the use of Internet domain names

which include or incorporate the Trademark. Licensee agrees to conform to such standards, methods, guidelines and procedures, and agrees to instruct and keep its sales force and employees fully informed of all such methods and procedures, as shall from time to time be promulgated by WSC. Licensee agrees to follow all reasonable directions by WSC concerning the operation of Licensee's business and Licensee's advertising and other use of the Trademark.

b. With respect to signs and business cards only, all vendors used by Licensee must be pre-approved by WSC. A list of previously approved vendors is available on request. If Licensee wishes to purchase signs or business cards from a vendor not on the list, Licensee should contact WSC to request approval for the new vendor. Approval of sign and business card vendors may be withheld in the sole discretion of WSC.

c. Licensee acknowledges that the Trademark and the business reputation and methods employed by WSC are of considerable value, and that the operation of Licensee's business – including Licensee's use of the Trademark – will affect the reputation of WSC and the Trademark. Accordingly, Licensee agrees that any act by Licensee or any of its principals which results in defaming, disparaging or tarnishing the Trademark or the business reputation of WSC shall constitute a material breach of this Agreement, and shall constitute good cause for termination of this Agreement.

d. If, in the judgment of WSC, it becomes necessary or desirable to modify the Trademark, Licensee will comply with the modification and will bear its own expense in connection with the modification and conversion.

e. Licensee must notify WSC of any challenge to Licensee's use of the Trademark. If Licensee is named as a party in any administrative or judicial proceeding alleging trademark infringement or unfair competition based on Licensee's use of the Trademark, or if Licensee becomes subject to a restraint on its use of the Trademark in connection with its real estate brokerage business, WSC will indemnify Licensee and defend any such proceeding at its own expense. WSC shall have the right to control any such litigation, including the selection of counsel, and shall have the sole right to make all decisions concerning the prosecution, defense or settlement of any litigation. WSC shall have the right to take any action, in its discretion and consistent with good business judgment to prevent infringement of the Trademark or unfair competition against Windermere licensees. If Licensee is awarded monetary recovery in any legal proceeding arising from Licensee's use of the Trademark, WSC reserves the right to obtain reimbursement of its expenses from Licensee out of any monetary recovery awarded to Licensee as a result of WSC's intervention.

7. Fees.

a. Initial Fee. As consideration for the granting of the license set forth herein to Licensee for use of the Trademark and the Windermere System, Licensee agrees to pay WSC a non-refundable Initial Fee in the amount shown on the Fee Schedule attached hereto as Appendix 1. Unless otherwise indicated on Appendix 1, the Initial Fee is due in full upon the execution of this Agreement.

b. Ongoing License Fees. For the continuing use of the Trademark and the Windermere System, Licensee agrees to pay monthly Ongoing License Fees in an amount equal to five percent (5%) of the gross revenue earned and received by Licensee during the term of this Agreement, including without limitation all residential and commercial real estate commissions, property management leasing commissions or management fees, referral fees, or any other compensation received by Licensee as a result of rendering of real estate brokerage or property management services. Ongoing License Fees paid on residential sale commissions only shall be “capped” at the level stated on the attached fee schedule. The “cap” amount represents the gross commissions earned by each agent per accounting period. For example, a cap amount of \$75,000 means that Licensee will pay Ongoing License Fees on the first \$75,000 of gross residential sale commissions earned by each agent during each annual period. The accounting period for purposes of computing the fee cap may be either a calendar year (January 1 to December 31), or it may be an anniversary year (commencing each year on the anniversary of the agent’s affiliation with Licensee, or some other anniversary date as specified in a written broker/sales associate contract). Licensee shall inform WSC of what accounting period it will be using for purposes of calculating capped fees. The fee “cap” does not apply to commercial commissions or property management revenue, and is subject to cancellation or change by WSC at any time by written notice. Notwithstanding the foregoing, Licensee shall pay minimum ongoing License Fees of \$2,083.33 per month, and the minimum required fee is subject to change by WSC with six months written notice.

c. Additional Fees. In addition to the License Fees described above, Licensee also agrees to pay the Additional Fees as set forth on the Fees Schedule attached hereto as Appendix 1. Licensee agrees that the Additional Fees are subject to change at any time with six months written notice from WSC and that new fees may be added at any time with six months written notice.

d. Fee Reports and Payments - When Due. License Fees and Additional Fees shall be paid by Licensee on a monthly basis within fifteen (15) days after the close of each calendar month. For example, fees accrued in January are due by February 15. Along with its monthly fee payments, Licensee shall submit a fee calculation report in the form and manner specified by WSC from time to time. Licensee will acquire, at Licensee’s sole expense, any computer hardware and software required for submission of required reports to WSC, and shall upgrade such hardware and software as needed from time to time to comply with WSC reporting requirements. WSC publishes written policies and methods for fee reporting and payment – including the method for calculating the number of “agents” in each office for purposes of fees paid on a per agent basis. Licensee’s fee reports and payments shall be in compliance with the then current policies and methods, which are subject to change from time to time by written notice from WSC. Licensee may not withhold payment of any License or Additional Fees, or any other amounts due to WSC on the grounds of the alleged non-performance or breach of any obligations of WSC under this Agreement or any related agreement.

e. Late Fees, Interest. Any fees not paid by the tenth day after they are due will be subject to a late fee equal to ten percent (10%) of the delinquent amount, and the full amount of past due fees plus the late fee shall then bear interest at the lower of either the highest lawful rate or eighteen percent (18%) per annum, compounded monthly. For example if Licensee owed

\$5,000 for January, that amount would be due by February 15. If not paid by February 25, the amount of \$5,500 (fees due plus 10% late fee) would begin to accrue compound interest at the applicable rate from February 25 until paid in full. Payments on past due fees may be applied to outstanding balances in WSC's sole discretion.

f. Annual Reviews, Periodic Audits.

1. For purposes of routine annual review, within six months after the close of each tax year Licensee shall submit to WSC a copy of Licensee's federal income tax return for that tax year, along with a balance sheet and income statement for the same tax period.
2. WSC may conduct periodic audits of Licensee at any time to confirm compliance with all terms of this Agreement. In connection with such audits, Licensee shall on demand provide WSC or its designated agents with all such reports regarding its gross commissions, income, transaction data, rosters of employees agents and assistants, and all other documents or information as WSC may reasonably request, including complete federal income tax returns, state tax returns or filings, financial statements (including balance sheets and profit and loss statements), all prepared in accordance with generally accepted accounting principles. In the event any audit should disclose that Licensee has underpaid any amounts owed under this Agreement by two percent (2%) or more, then Licensee shall promptly pay to WSC the fees, costs and expenses incurred in connection with the audit, along with the delinquent amounts owing, plus interest and penalties as provided herein.

g. Fees due after Termination or Expiration. In the event of the expiration or termination of the term of this Agreement, WSC shall be entitled to receive Ongoing License Fees with respect to all listings and pending sales as of the date of expiration or termination. All such post-expiration or post-termination fees shall be due and payable at the time the commissions are received or receivable by Licensee. Licensee shall further pay all Additional Fees through the month in which the termination or expiration occurs as if it were a full month (for example, if termination or expiration occurs on June 10, Licensee shall nonetheless pay all fees calculated for the entire month of June on or before July 5, with no offset of pro-ration for the partial month). If after the expiration or termination date of this Agreement Licensee sells any part of its operating assets including, for instance, any part of Licensee's listings and sales agreements pending as of the date of expiration or termination, Licensee shall nevertheless continue to be obligated to make payment of all post expiration or termination fees with respect to listings and pending sales as though Licensee still owned them. After the expiration or termination date Licensee shall continue to submit reports and WSC shall continue to have the right to inspect the books and records of Licensee insofar as they pertain to activities and/or revenues in connection with listings, and pending sales as of the date of expiration or termination.

8. Term, Expiration and Termination.

a. The term of this Agreement begins on its date and continues until it expires or is terminated as provided in this Section. The term of this Agreement expires when either Licensee or WSC give written notice to the other party of expiration of the term. Such notice must be given no less than 180 days, and no more than 366 days, prior to the expiration date specified in the notice. No cause shall be required for any party to give notice of expiration of the term, it being understood and agreed that the provisions of this paragraph are to provide for an agreed method of establishing an expiration date of the term of this Agreement with or without cause. However, Licensee may not exercise its right to give notice of expiration of the term of this Agreement if, at the time the notice is delivered, Licensee is in default for non-payment of any amounts owing under this Agreement, or has an outstanding past due balance of amounts owed.

b. WSC may terminate this Agreement for cause if Licensee fails to cure any default under the terms of this Agreement following written notice of said default. Licensee shall have five (5) days after notice from WSC to pay any overdue franchise fees or other amounts owing; five (5) days after notice from WSC to correct any failure of Licensee to maintain required insurance; and thirty (30) days after notice of default to cure any other default.

c. Notwithstanding the foregoing, if during the term of this Agreement there occurs any of the following events, WSC may immediately give notice of termination without an opportunity to cure:

1. The franchisee or the business to which the franchise relates is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his inability to pay his debts as they come due;
2. The franchisee abandons the franchise by failing to operate the business for five consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond the franchisee's control;
3. The franchisor and franchisee agree in writing to terminate the franchise;
4. The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;
5. The franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the franchise;

6. The franchisee commits a material breach of this Agreement, after having previously committed and cured the same material breach two or more times;
7. The franchised business or business premises of the franchise are seized, taken over or foreclosed by a government official in the exercise of his duties, or seized, taken over, or foreclosed by a creditor, lienholder or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five days of such levy;
8. The franchisee, or any of its principals, is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;
9. The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue;
10. The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety; or
11. Licensee assigns or attempts to assign this Agreement without the written consent of WSC.

9. Discontinuance Upon Termination. In the event of the expiration or termination of the term of this Agreement for any reason, Licensee shall immediately discontinue all use of the Trademark, the name "Windermere," all variations of the name, and the Windermere System. Without limiting the generality of the foregoing, Licensee and its principals covenant and agree to promptly cancel any trade name registrations, and cause the Windermere name to be removed from all of Licensee's business licenses, real estate licenses, and all other similar registrations. Licensee and its principals further covenant that they shall transfer, or cause to be transferred to WSC any Internet domain names registered by, to, or on behalf of Licensee which include the word Windermere, or any variation thereof, or any other Trademark (whether or not registered) of WSC. Licensee understands and agrees that all references to Licensee may be removed from the Windermere web site as of the date this Agreement terminates or expires, and that any and all email addresses issued to Licensee or its agents and employees using the "Windermere.com" domain may be deactivated as of the date of expiration or termination.

10. Non-Transferability - Right of First Refusal.

a. This license is not transferable without the written consent of WSC, which consent may be withheld in WSC's sole discretion. Any change in the ownership of Licensee, if Licensee is a corporation, limited liability company, or other entity, shall be considered a transfer or assignment for purposes of this provision. Failure to obtain the written consent of WSC to

any transfer shall constitute a material default by Licensee, and shall be grounds for termination of this Agreement by WSC.

b. If Licensee is an individual sole proprietor, or an entity with only one principal owner, this license will terminate unless transferred to an approved transferee within six months of the death or incapacity of the principal owner.

c. In the event of (i) any proposed transfer or (ii) the receipt by Licensee at any time during the term of this Agreement of a bona fide offer which Licensee desires to accept from a third party to purchase all or any portion of Licensee's operating assets without the license, WSC or its assignee shall have a right of first refusal to acquire the interest or operating assets as described herein. Licensee shall deliver to WSC a written notice setting forth all of the terms of the proposed transfer of the license, or a copy of the signed offer to purchase operating assets without the license, together with all available pertinent information regarding the proposed transferee or purchaser. WSC shall have seven days after receipt of the notice or copy of the offer to give written notice to Licensee of its intent to exercise the right of first refusal on the same terms as proposed or as contained in the offer, except that WSC may substitute cash of equivalent value for any non-cash term to acquire the interest or assets. Thereafter the parties shall proceed to close the transaction on the earlier of a date six months following WSC's notice of election to exercise the right of first refusal or, if a notice of expiration of the term has previously been given, on the expiration date. It is agreed that neither an exercise of the right of first refusal by WSC or its assignee, nor in the absence of such an exercise, the acceptance by Licensee of a bona fide offer of a third party to purchase operating assets without the license, shall in any way diminish the obligation of Licensee to actively engage in the real estate brokerage business during the full term of this Agreement, including any period of notice of expiration of the term. In the event that WSC declines to exercise its right of first refusal Licensee may proceed with the contemplated transaction on the terms stated in the written notice. If the terms are revised in any material manner WSC shall have a right of refusal with respect to the modified offer and Licensee will again comply with the provisions of this Section.

11. Relationship of Parties. Licensee is not and shall not hold itself out as a legal representative, employee, joint venturer, partner or agent of WSC for any purpose whatsoever. Licensee is an independent contractor franchisee and is in no way authorized to make any contract, agreement, warranty or representation on behalf of WSC or to create any obligation, express or implied, on behalf of WSC.

12. Indemnification - Insurance.

a. Licensee agrees to indemnify WSC from and against any and all claims based upon, arising out of, or in any way related to the operation of Licensee's business including, but not limited to, any intentional act, negligent act, error or omission by Licensee or any of its agents, employees, licensees, or independent contractors, together with all attorney's fees, costs and other expenses reasonably incurred by or on behalf of WSC in the investigation of or defense against any such claim. The provisions of this paragraph shall survive the expiration or termination of this Agreement. In the event that any claim is tendered to Licensee under the provisions of this section for indemnity, WSC shall have the right at its election to select its own

defense counsel, and to control the litigation, including the right to make any decisions concerning the compromise or settlement of any claims.

b. Licensee agrees to maintain and keep in force during the term of this Agreement, for the mutual benefit of WSC and the Licensee, all forms of necessary business insurance, with limits of coverage and deductibles acceptable to WSC. Required insurance includes, but is not limited to: Worker's Compensation insurance as required by law; comprehensive general liability insurance; and professional liability errors and omissions insurance. The insurance policies shall name WSC as an additional insured, and shall be provided with certificates of required insurance on demand. The coverage limits and deductible requirements shall be established by WSC and communicated to Licensee in the form of a policy memo, which is subject to change from time to time with written notice. Upon being notified of a change in required insurance, Licensee agrees to modify their coverage at their next policy renewal to bring their policies into compliance with the revised requirements.

13. Governing Law, Costs and Attorneys' Fees. Notwithstanding any principals concerning conflict of laws, this Agreement shall be governed by the laws of the state in which Licensee's primary business location (as shown on the first page of this Agreement, or as subsequently modified by mutual agreement). Unless agreed otherwise venue for any disputes arising from this Agreement shall be in state or federal courts having jurisdiction over that location. In the event that any suit or action is instituted for breach of, to enforce or to obtain a declaration of rights under this Agreement, including but not limited to suit for preliminary injunction, the substantially prevailing party shall be entitled to be reimbursed by the non-prevailing party for all costs, including reasonable attorneys' fees, incurred in connection with such suit or action, including any appeals.

14. Integration and Amendments; Survival. This Agreement contains the entire agreement between WSC on the one hand, and Licensee on the other, regarding the subject matter thereof, and supersedes all prior or contemporaneous oral or written representations or agreements, which are merged into and superseded by this Agreement. Any amendments or additions to this Agreement must be in writing and signed by WSC, Licensee and all other signatories to this Agreement. The following provisions of this Agreement shall survive expiration or termination: paragraphs 7, 9, 12(a), 13, 14, and 15.

15. Disclaimer of Representations and Warranties. WSC expressly disclaims the making of any representation, warranty or guaranty, express or implied, with respect to the revenues, profits or success of the business venture contemplated by this Agreement. Licensee acknowledges that it has not received or relied upon any such representations, warranty or guaranty, and has not received or relied on any representations concerning the license by WSC or its officers, directors, employees or agents, that are contrary to the statements made in the Franchise Disclosure Document provided to Licensee, or to the terms of this Agreement.

EXECUTION

| WSC | LICENSEE |
|-----------------------------|----------|
| (sign) | (sign) |
| By Geoffrey P. Wood | |
| Its Chief Executive Officer | |
| Date: | Date: |

SAMPLE

**APPENDIX 1
FEES SCHEDULE**

| | |
|--|--|
| Date of License Agreement | |
| Licensee's Legal Name | |
| Licensed Name (if different) | |
| Office Name(s) / Region | |
| Initial Franchise Fee Amount and Due Date | \$25,000, due within one year after signing of this Agreement. |
| The first month for which Ongoing License and Additional Fees are due: | |

LICENSE FEES: Licensee shall pay ongoing license fees of five percent (5%) of the gross revenue earned and received by Licensee during the term of this Agreement. Ongoing license fees on residential sale commissions only shall be capped at \$75,000 per agent per year. Notwithstanding the fee cap, the minimum ongoing license fee is \$2,083.33 per month.

Ramp Up discount? YES NO WSC Initials:

| Month | Discount |
|------------------|--------------------|
| 1-2 | 90% |
| 3-4 | 75% |
| 5-6 | 50% |
| 7-8 | 25% |
| 9 and thereafter | 0% (full fees due) |

ADDITIONAL FEES:

- **Technology Fee:** \$68.00 per month per licensed agent and agent assistant for basic service; additional fees apply for additional service
- **Marketing Fee:** \$25.00 for each licensed sales associate per month
- **Windermere Foundation Suggested Donation:** \$10.00 per transaction side for each closed transaction.

Fees are to be reported and paid by the 15th of the month following the month in which they accrue, i.e. fees for January are due by February 15th. Your payments should be payable to Windermere Services Company, 5424 Sand Point Way NE, Seattle, WA 98105.

| | INITIALS | DATE |
|----------|----------|------|
| LICENSEE | | |
| WSC | | |

**APPENDIX 2
PERSONAL GUARANTY**

| | |
|---------------------------|--|
| Date of License Agreement | |
| Licensee Name | |

This **“Guaranty”** must be signed by all Principals of Licensee identified in the Windermere Real Estate Franchise License Agreement to which this Appendix is attached. Each Principal shall be deemed a **“Guarantor”** jointly and severally.

RECITALS

Each Guarantor has a financial or other interest in Licensee, will benefit from the granting of the Franchise License Agreement by WSC to Licensee, is familiar with and understands the terms and conditions of the License Agreement, and is satisfied with and approves the same in all respects without condition or reservation. As a material inducement to WSC to grant the License, the Guarantors have agreed unconditionally to guarantee the full and punctual payment and performance of the **“Guaranteed Obligations”** (defined below).

AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are acknowledged, and to induce WSC to grant the License to Licensee, each Guarantor covenants and agrees:

1. **GUARANTEED OBLIGATIONS.** As used in this Guaranty, the term **“Guaranteed Obligations”** is defined in its broadest and most comprehensive sense to mean all primary, secondary, direct, indirect, fixed and contingent, debts, duties, agreements, undertakings, obligations, covenants and conditions now or at any time in the future to be paid or performed by Licensee in connection with or relating to the Windermere Franchise License Agreement, or any financial accommodations which WSC may from time-to-time extend or provide to or for the benefit of Licensee in connection with the License including, without limitation, all of Licensee’s obligations to pay all fees, charges, sums, costs, reimbursements and expenses which at any time may be owing under or in connection with the License, any business or financial accommodation made or provided in connection with the License, as any or all of them may from time to time be modified, amended, extended, renewed or restated.

2. **GUARANTY.** Each Guarantor unconditionally, absolutely and irrevocably guarantees to and for the benefit of WSC the full, prompt and complete payment and performance by Licensee of the Guaranteed Obligations. If any of the Guaranteed Obligations are not paid or performed by Licensee as and when such payment or performance is due or required, then on demand from WSC, the Guarantors will pay or perform the same.

3. **INDEPENDENT OBLIGATION.** This Guaranty is an independent obligation of each Guarantor, separate and distinct from the Guaranteed Obligations. A separate action may be brought or prosecuted against Guarantor, whether or not any such action is brought or prosecuted against Licensee or any other Guarantor or other party, or whether Licensee or any

other Guarantor or any other party is joined in any such action or actions. This Guaranty is an absolute guarantee of payment and performance, and not a guarantee of collection. The obligations of Guarantor under this Guaranty are direct and primary, regardless of the validity or enforceability of any instrument or agreement giving rise to any of the Guaranteed Obligations. Guarantor shall continue to be liable under this Guaranty even if all or part of the Guaranteed Obligations become uncollectible by operation of law or otherwise.

4. **APPLICATION OF PAYMENTS.** WSC may apply any payments received from any source against any portion of the Guaranteed Obligations in such order and priority as WSC may deem appropriate. No payment received by WSC from any source other than a direct payment made by a Guarantor pursuant to a written demand by WSC shall be credited against that Guarantor's obligations under this Guaranty.

5. **COSTS AND EXPENSES.** Whether or not suit is brought, Guarantor shall pay on demand all costs and expenses, including attorneys' fees and allocated costs of in-house counsel, incurred by or on behalf of WSC in connection with the enforcement or collection from Guarantor of all or any of the Guaranteed Obligations, or in connection with the enforcement, interpretation or defense of this Guaranty. Without limitation, these expenses, costs and fees include those incurred at trial, on appeal and with respect to any bankruptcy, receivership or arbitration proceedings.

6. **REPRESENTATIONS AND WARRANTIES.** Guarantor represents and warrants to WSC that Guarantor is a principal of Licensee or otherwise financially interested in Licensee, and (a) is adequately informed of the financial condition of Licensee, and Licensee's operations and properties, (b) is familiar with and will stay informed regarding the terms and conditions of the License Agreement and the other Guaranteed Obligations, and of Licensee's resources and plans for payment and performance of the Guaranteed Obligations, (c) has not relied on any financial or other information provided by WSC, if any, about Licensee, Licensee's operations and activities, properties or prospects, and (d) does not expect WSC to provide and waives any duty on the part of WSC to provide any such information in the future including, without limitation, adverse information about the Licensee or its activities. Guarantor acknowledges that WSC and Area Representative is under no obligation to grant the License to Licensee without this Guaranty and would not do so without this Guaranty.

7. **MISCELLANEOUS.**

(a) If there is more than one Guarantor under this Guaranty, then the obligations of all such Guarantors shall be joint and several, and in such case the obligations of each Guarantor shall be independent of those of all other Guarantors and of the obligations of Licensee and any other persons or entities obligated in any manner for the payment or performance of the Guaranteed Obligations.

(b) The obligations and liabilities of Guarantor hereunder shall not be limited in any manner by any nonrecourse or other provisions in the instruments and agreements giving rise to the Guaranteed Obligations which may limit the liability or obligations of Licensee with respect to the Guaranteed Obligations.

(c) This agreement constitutes the entire agreement between WSC and Guarantor, and no course of dealings between the parties, no usage of trade, and no parole or extrinsic evidence of any nature shall be used to supplement or modify any terms, nor are there any conditions to the effectiveness of this Guaranty.

(e) If any provision of this Guaranty is invalid, illegal or unenforceable, such provision shall be considered severed from the rest of this Guaranty and the remaining provisions shall continue in full force and effect as if the invalid provision had not been included. This Guaranty may be changed, modified or supplemented only through a writing signed by both Guarantor and Lender.

I clearly understand that WSC does not have to pursue the Licensee or any other Guarantor or obligated party or foreclose or realize upon any security before demanding payment from me. I further understand that I will have to pay the amounts then due even if Licensee or any other Guarantor or obligated party does not make payment or is otherwise relieved of the obligation of making payment.

GUARANTORS:

| Sign | Print Name and Home Address | Date |
|------|-----------------------------|------|
| | | |
| | | |
| | | |
| | | |

SPOUSAL CONSENT

If any principals of Licensee are married, and their spouses did NOT sign the License Agreement and Personal Guaranty, then the non-signing spouses must sign below to acknowledge their consent to the terms of the agreements signed by the principals.

Each spouse signing below states as follows:

I, the undersigned spouse of the above-named principal of Licensee, hereby acknowledge that I have read the Windermere Real Estate Franchise License Agreement and Personal Guaranty to which this Spousal Consent is attached (“the Agreement”) and know its contents. I acknowledge that the Agreement is being executed for the benefit of, and therefore shall be binding upon, my marital community.

| Principal's Name | Spouse Name | Spouse signature | Date |
|------------------|-------------|------------------|------|
| | | | |
| | | | |
| | | | |
| | | | |

SAMPLE

**ADDENDUM TO FRANCHISE LICENSE AGREEMENT
FOR NEW CONSTRUCTION OFFICES**

| | |
|---------------------------|--|
| Date of License Agreement | |
| Licensee Name | |

This is an addendum to the Windermere Franchise License Agreement referenced above, which is hereby modified as follows:

1. Grant of License. The license granted herein is for the operation of a “Residential New Construction” office only. This means that Licensee and its licensed sales associates may only render real estate brokerage services to buyers and sellers of new construction residential properties. For purposes of this restriction, “new construction residential property” means properties that may be legally occupied as a residence under applicable local zoning code, which are being offered for sale to the public by a builder or developer, and which have not been previously owned or occupied as a residence. This shall include newly constructed single-family residential homes, and newly built or newly converted condominiums that are being offered for sale to individual homeowners for the first time by the condominium declarant.

Licensee shall not render brokerage services to buyers or sellers in connection with “resale” transactions – meaning any transaction where the subject property has been previously owned or occupied as a residence (including by the builder, or condominium declarant). Licensee is also prohibited from engaging in listing or sales of commercial property (any property which may not be legally occupied as a residence under applicable local zoning code), or vacant land (any unimproved real property).

No other changes. Except as modified herein, all terms of the Original License Agreement remain in full force and effect. In the event of any conflict between the terms of this addendum and the original License, this Addendum shall supersede and control.

| | INITIALS | DATE |
|-----------|----------|------|
| LICENSEE | | |
| AREA REP. | | |
| WSC | | |

**ADDENDUM TO FRANCHISE LICENSE AGREEMENT
FOR PROPERTY MANAGEMENT OFFICES**

| | |
|---------------------------|--|
| Date of License Agreement | |
| Licensee Name | |

This is an addendum to the Windermere Franchise License Agreement referenced above, which is hereby modified as follows:

1. Grant of License.

The license granted herein is for the operation of a "Property Management" office only. This means that Licensee and its affiliated sales associates may only render real estate brokerage services to owners (landlords) and tenants of real property (residential or commercial) that is available for lease or rent, but is not for sale. Licensee and its associates may not render brokerage services to buyers or sellers in connection with the listing or sale of any real property – whether residential, commercial, or vacant land.

2. Fees. The "Fees" paragraph of the Agreement is modified as follows:

Ongoing License Fees. Licensee agrees to pay to Area Representative monthly License Fees in an amount equal to five percent (5%) of the gross revenue earned and received by Licensee during the term of this Agreement.

No other changes. Except as modified herein, all terms of the Original License Agreement remain in full force and effect. In the event of any conflict between the terms of this addendum and the original License, this Addendum shall supersede and control.

| | INITIALS | DATE |
|-----------|----------|------|
| LICENSEE | | |
| AREA REP. | | |
| WSC | | |

**ADDENDUM TO FRANCHISE LICENSE AGREEMENT
FOR COMMERCIAL OFFICES**

| | |
|---------------------------|--|
| Date of License Agreement | |
| Licensee Name | |

This is an addendum to the Windermere Franchise License Agreement referenced above, which is hereby modified as follows:

1. Grant of License.

The license granted herein is for the operation of a "Commercial Real Estate" office only. This means that Licensee and its affiliated sales associates may only render real estate brokerage services in connection with the listing, sale, lease or rental of commercial property. For purposes of this Agreement, "commercial property" means any property except a single family residential dwelling (house, condominium, cooperative apartment, manufactured home, etc.). Licensee may render services in connection with multi-family residential dwellings (two or more units), and any property not zoned or improved for residential use.

2. Fees. The "Fees" Paragraph of the Agreement is modified as follows:

Ongoing License Fees. Licensee agrees to pay to Area Representative monthly License Fees in an amount equal to five percent (5%) of the gross revenue earned and received by Licensee during the term of this Agreement.

No other changes. Except as modified herein, all terms of the Original License Agreement remain in full force and effect. In the event of any conflict between the terms of this addendum and the original License, this Addendum shall supersede and control.

| | INITIALS | DATE |
|-----------|----------|------|
| LICENSEE | | |
| AREA REP. | | |
| WSC | | |

EXHIBIT C

WINDERMERE REAL ESTATE OFFICES CLOSED 2012

| Office Name | Licensed Name | Office Address | City | State | Zip Code | Last Known Phone | Closed Date |
|-------------------------------|---|-------------------------------|----------------|-------|----------|------------------|-------------|
| DuPont | Windermere Professional Partners | 1570 Willmington Drive | DuPont | WA | 98327 | (253) 830-5160 | 2/1/2012 |
| Medford- Investors | Windermere/Investors Marketplace, Inc. | 609 E. Jackson St. | Medford | OR | 97504 | (541) 779-7900 | 3/1/2012 |
| Sandpoint- Idaho First Realty | Windermere Real Estate/Idaho First Realty | 1009 Highway 2 | Sandpoint | ID | 83864 | (208) 263-8400 | 3/1/2012 |
| Priest River | Windermere Real Estate/Idaho First Realty | 119 Treat Street | Priest River | ID | 83856 | (208) 448-4800 | 3/1/2012 |
| Bonniers Ferry- closed 2012 | Windermere Real Estate/Idaho First Realty | 7206 Main Street | Bonniers Ferry | ID | 83805 | (208) 267-4800 | 3/1/2012 |
| Manzanita | Windermere/Manzanita | 467 Laneda Ave, PO Box 820 | Manzanita | OR | 97130 | (503) 368-6609 | 4/1/2012 |
| Property Management- Vashon | Windermere Property Management/Lori Gill & Associates | 17141 Vashon Highway SW | Vashon Island | WA | 98070 | (206) 463-4700 | 4/1/2012 |
| Flagstaff | Windermere Real Estate Northern Arizona | 2501 N 4th St, Ste 7A | Flagstaff | AZ | 86004 | (928) 351-7966 | 4/1/2012 |
| St. George- Southland | Windermere Real Estate Southland | 1031 S Bluff Street, Ste 111 | St. George | UT | 84770 | (435) 688-1900 | 4/15/2012 |
| Commercial- Portland | Windermere Cronin & Caplan Realty Group, Inc. | 825 NE Multnomah Street, #120 | Portland | OR | 97232 | (503) 249-1706 | 5/1/2012 |
| Antioch | Windermere Signature Collection | 5087 Lone Tree Way | Antioch | CA | 94531 | (925) 778-9445 | 8/1/2012 |
| Goldendale | Windermere Glenn Taylor Real Estate | 104 N. Columbus Ave. | Goldendale | WA | 98620 | (509) 773-5859 | 9/1/2012 |
| Port Ludlow | Windermere Real Estate/West Sound, Inc. | 9526 Oak Bay Rd | Port Ludlow | WA | 98365 | (360) 437-1011 | 11/1/2012 |

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM

WINDERMERE REAL ESTATE OFFICES OPEN AS OF DECEMBER 31, 2012

| City | Address | Company | Phone | State | Phone |
|--|-------------------------------------|--|----------------|-------|---------|
| Anchorage- Downtown | 201 E 3rd Ave | Windermere Avenue Properties | (907) 257-7600 | AK | 98501 |
| Prescott | 914 East Gurley St | Windermere Real Estate Northern Arizona | (928) 776-1166 | AZ | 86301 |
| Prescott Valley | 8088 E. State Highway 69 | Windermere Real Estate Northern Arizona | (928) 759-2299 | AZ | 86314 |
| Scottsdale | 17470 North Pacesetter Way | Windermere Real Estate Northern Arizona | (480) 365-0342 | AZ | 85255 |
| Galiano Island | #2 - 23 Madrona Drive, P.O. Box 99 | Windermere Galiano Island Realty | (888) 539-2250 | BC | VON 1P0 |
| Brea | 135 South State College, #110 | Windermere Preferred Living | (714) 582-8000 | CA | 92821 |
| Brentwood | 8290 Brentwood Blvd. | Windermere Ellsworth & Associates | (925) 513-2605 | CA | 94513 |
| Carlsbad | 300 Carlsbad Village Drive, Ste 217 | Windermere Real Estate SoCal | (760) 893-8040 | CA | 92008 |
| Cathedral City | 68828 Ramon Road | Windermere Real Estate/Coachella Valley, Inc. | (760) 324-2552 | CA | 92234 |
| Chino Hills | 2130 South Grand Ave, #A | Windermere Real Estate King Realty Group | (909) 203-5800 | CA | 91709 |
| Clayton | 6200 Center Street, Suite E | Windermere Lynne French & Associates | (925) 673-2188 | CA | 94517 |
| El Sobrante | 400 Appian Way | Windermere Rowland Realty | (510) 222-9150 | CA | 94803 |
| Granite Bay | 9257 Sierra College Blvd, Suite B | Windermere Granite Bay | (916) 797-0707 | CA | 95746 |
| Indian Wells- Main | 74-850 Hwy 111 | Windermere Real Estate/Coachella Valley, Inc. | (760) 773-3958 | CA | 92210 |
| Indio | 81-703 Highway 111 | Windermere Real Estate/Coachella Valley, Inc. | (760) 347-2121 | CA | 92201 |
| La Mesa | 71-691 Hwy 111 | Windermere Real Estate SoCal | (619) 741-8588 | CA | 92270 |
| La Quinta | 47-250 Washington Street Ste B | Windermere Real Estate/Coachella Valley, Inc. | (760) 564-9685 | CA | 92253 |
| Laguna Niguel | 27941 La Paz Road, Suite A | Windermere Real Estate SoCal | (949) 916-4988 | CA | 92677 |
| Napa | 1040 Third Street | Windermere Napa Valley Properties | (707) 226-1823 | CA | 94559 |
| Palm Desert- Commercial | 44-530 San Pablo Ave, #101 | Windermere Real Estate/Coachella Valley, Inc. | (760) 340-9253 | CA | 92260 |
| Palm Desert- Portola | 73-993 Hwy 111 | Windermere Real Estate/Coachella Valley, Inc. | (760) 773-4464 | CA | 92260 |
| Palm Desert- San Pablo | 44-530 San Pablo Ave Suite 101 | Windermere Real Estate/Coachella Valley, Inc. | (760) 340-9253 | CA | 92260 |
| Palm Springs | 850 N Palm Canyon Dr. | Windermere Real Estate/Coachella Valley, Inc. | (760) 327-3990 | CA | 92262 |
| Palm Springs- South | 2465 E. Palm Canyon Dr., #605 | Windermere Real Estate/Coachella Valley, Inc. | (760) 325-9091 | CA | 92264 |
| Pleasanton- Hacienda | 4637 Chabot Drive, #108 | Windermere Select Properties | (925) 551-3040 | CA | 94588 |
| Rancho Mirage | 71-691 Highway 111 | Windermere Real Estate/Coachella Valley, Inc. | (760) 770-6801 | CA | 92270 |
| Rancho Mirage at The Springs | 174 1/2 Yale Drive | Windermere Real Estate/Coachella Valley, Inc. | (760) 328-8898 | CA | 92270 |
| Rancho Mirage- The Club at Morningside | Johnn Road | Windermere Real Estate/Coachella Valley, Inc. | (760) 321-4444 | CA | 92270 |
| Redding | 2415 Larkspur Lane, Suite A | Windermere NorCal Properties | (530) 224-2270 | CA | 96002 |
| Redding- REO | 2415 Larkspur Lane, Suite A | Windermere NorCal Properties | (530) 224-2270 | CA | 96002 |
| Riverside | 7197 Brockton Ave, Ste 6 | Windermere Tower Properties | (951) 369-8002 | CA | 92506 |
| San Diego- Downtown | 560 First Avenue | Windermere Signature Properties | (858) 518-5288 | CA | 92101 |
| Santa Rosa | 2544 Cleveland Ave, Suite 110 | Windermere Wine Country | (570) 523-2700 | CA | 95403 |
| Solana Beach- Lomas Santa Fe | 71-691 Hwy 111 | Windermere Real Estate SoCal | (858) 345-1377 | CA | 92270 |
| Walnut Creek | 1981 Broadway, Ste 120 | Windermere Bay Area Properties | (925) 256-1600 | CA | 94596 |
| Walnut Creek- Diablo | 975 Ygnacio Valley Road | Windermere Diablo Realty | (925) 933-9300 | CA | 94596 |
| Windsor | 9071 Windsor Road | Windermere Wine Country | (707) 523-2700 | CA | 95403 |
| Yucca Valley | 55491 - 29 Palms Highway | Windermere Real Estate/Yucca Valley | (760) 228-1559 | CA | 92284 |
| Kahului- Maui | 151 East Waikeia Avenue, #204 | Windermere Valley Isle Properties | (808) 872-2462 | HI | 96732 |
| Kona- Big Island | 75-5919 Wallua Road | Windermere C and H Properties, Inc. | (808) 329-2601 | HI | 96740 |
| Paia- Maui | 98 Hana Highway, PO Box 791876 | Windermere Valley Isle Properties | (808) 579-8411 | HI | 96779 |
| Wailea- Maui | 3750 Wailea Alanui Drive, #22EW | Windermere Valley Isle Properties | (808) 875-9930 | HI | 96753 |
| Waimea- Big Island | 65-1227 A Opelo Road, Ste 1 | Windermere C and H Properties, Inc. | (808) 885-6044 | HI | 96743 |
| Boise- Access Realty | 1412 West Idaho, Ste 120 | Windermere/Access Realty | (208) 258-2222 | ID | 83702 |
| Boise- Richard B. Smith | 2900 East Cleveland Blvd | Windermere Real Estate/Richard B. Smith, Inc. | (208) 343-5412 | ID | 83702 |
| Caldwell | 1000 Northwest Blvd. | Windermere/Access Realty | (208) 459-2200 | ID | 83605 |
| Coeur d'Alene | 867 Prairie Avenue | Windermere/Coeur d'Alene Realty, Inc. | (208) 664-9221 | ID | 83814 |
| Grangeville | 867 Prairie Avenue | Windermere Real Estate/All Star Realty, L.L.C. | (208) 983-8000 | ID | 83530 |
| Hayden Lake | 132 Thain Road, Suite 102 | Windermere/Hayden, LLC | (208) 762-4888 | ID | 83835 |
| Lewiston | 114 E 5th St | Windermere Real Estate/All Star Realty, L.L.C. | (208) 988-7777 | ID | 83501 |
| Moscow | | Windermere Pullman Moscow | (208) 882-1510 | ID | 83843 |

WINDERMERE REAL ESTATE OFFICES OPEN AS OF DECEMBER 31, 2012

| Company | Address | City | State | ID | Phone |
|---|--|------------------|-------|-------|----------------|
| Windermere Real Estate/Nampa-Caldwell | 223 Holly St. | Nampa | OR | 83686 | (208) 468-7848 |
| Windermere/Coeur d'Alene Realty, Inc. | 1616 E Sellice Way | Post Falls | ID | 83854 | (208) 777-9900 |
| Windermere Real Estate/Gibson Property Man. | PO Box 6366 | Boise | ID | 83702 | (208) 713-8890 |
| Windermere Real Estate/Sun Valley, LLC | P.O. Box 1270/100 N. Main St | Hailey | ID | 83333 | (208) 788-1700 |
| Windermere Real Estate/Sun Valley, LLC | P.O. Box 2307 | Sun Valley | ID | 83353 | (208) 622-2700 |
| Windermere Bozeman | 2407 West Main Street, Ste 102 | Bozeman | MT | 59718 | (406) 587-0990 |
| Windermere Real Estate/Hamilton | 1920 North 1st Street | Hamilton | MT | 59840 | (406) 363-3222 |
| Windermere Real Estate/Helena | 62 N Last Chance Gulch | Helena | MT | 59601 | (406) 442-1578 |
| Windermere Real Estate/Missoula | 2800 South Reserve Street | Missoula | MT | 59801 | (406) 541-6550 |
| Windermere Real Estate/Roman, Inc | 63506 US Highway 93 (P O Box 489) | Ronan | MT | 59864 | (406) 676-3443 |
| Windermere/Whitefish | 713 East 13th Street | Whitefish | MT | 59937 | (406) 862-2333 |
| Windermere/Los Cabos | Plaza Paseo Los Arcos, Suite B-6 Carr. Tra | Cabo San Lucas | MX | 23455 | (855) 877-2226 |
| Windermere Anthem Hills, LLC | 12231 S Eastern Ave., Ste 150 | Henderson | NV | 89052 | (702) 212-1900 |
| Windermere Prestige Properties | 20 Via Bel Canto, Ste 120 | Henderson | NV | 89011 | (702) 300-7011 |
| Windermere Prestige Properties | 2200 Paseo Verde Pkwy, Ste 160 | Henderson | NV | 89052 | (702) 432-4600 |
| Windermere/Van Vleet & Associates, Inc. | 375 Lithia Way, | Ashland | OR | 97520 | (541) 482-3786 |
| Windermere/Pacific Land Company | 175 14th Street, Suite 120 | Astoria | OR | 97103 | (503) 325-5111 |
| Windermere/Central Oregon Real Estate, LLC | 61510 South Hwy 97 | Bend | OR | 97702 | (541) 388-0404 |
| Windermere/Bridgeport Realty Group | 16760 SW Upper Boones Ferry Road Suite | Portland | OR | 97224 | (503) 639-7914 |
| Windermere Cronin & Caplan Realty Group, In | 163 East 3rd/P.O. Box 186 | Cannon Beach | OR | 97110 | (800) 676-1176 |
| Windermere/St. Helens Real Estate, Inc. | 155 W Columbia River Hwy./ P.O. Box 128 | Clatskanie | OR | 97016 | (503) 728-2134 |
| Windermere/Community Commercial Realty | 619 Madison St, Ste 108 | Oregon City | OR | 97045 | (503) 249-1706 |
| Windermere/Community Commercial Realty | 2105 NE 39th Ave, Suite 220 | Portland | OR | 97212 | (503) 249-1706 |
| Windermere/Central Oregon Real Estate, LLC | 1020 SW Indian Ave., Suite 103 | Redmond | OR | 97256 | (541) 548-2772 |
| Windermere/North Point, Inc. | 100 Central | Coos Bay | OR | 97420 | (541) 269-1601 |
| Windermere/Millamette Valley | 2725 NW Walnut Blvd. | Convallis | OR | 97330 | (541) 754-6101 |
| Windermere/Western View Properties | 484 NE Bovard Ave | Dallas | OR | 97338 | (503) 623-2333 |
| Windermere/Rogue Valley Real Estate, LLC | 1055 Hwy 62, Ste B2 | Eagle Point | OR | 97524 | (541) 826-4181 |
| Windermere Real Estate/Lane County | 1600 Oak Street | Eugene | OR | 97401 | (541) 484-2022 |
| Windermere/Florence Real Estate | 3757 Highway 101, Suite A | Florence | OR | 97439 | (541) 997-5926 |
| Windermere Cronin & Caplan Realty Group, In | P.O. Box 2729, 588 Pacific Way | Gearhart | OR | 97138 | (503) 738-8522 |
| Windermere/Grants Pass | 980 SW 6th St., Suite 14 | Grants Pass | OR | 97526 | (541) 479-8686 |
| Windermere West, LLC | 5025 NE Elam Young Parkway | Hillsboro | OR | 97124 | (503) 648-1169 |
| Windermere Glenn Taylor Real Estate | 504 Cascade | Hood River | OR | 97031 | (541) 386-3444 |
| Windermere Van Vleet Jacksonville, LLC | 505 N 5th St. | Jacksonville | OR | 97530 | (541) 899-2000 |
| Windermere Real Estate Klamath Falls | 519 Main Street | Klamath Falls | OR | 97601 | (541) 885-4400 |
| Windermere Cronin & Caplan Realty Group, In | 220 A Avenue, Suite 200 | Lake Oswego | OR | 97034 | (503) 636-5000 |
| Windermere Realty Group | 3689 Carman Dr. | Lake Oswego | OR | 97035 | (503) 675-8264 |
| Windermere/Distinctive Coastal Properties | 7755 Highway 101 N Shops at Salishan | Gleneden Beach | OR | 97388 | (541) 764-3323 |
| Windermere Pacific Crest Realty | 835 NW Adams Street | McMinnville | OR | 97128 | (503) 474-1234 |
| Windermere/Van Vleet & Associates, Inc. | 1117 E Jackson St | Medford | OR | 97504 | (541) 779-6520 |
| Windermere Real Estate Milton- Freewater | 85301 Highway 11 | Milton-Freewater | OR | 97862 | (541) 938-3155 |
| Windermere/Western View Properties | 297 N. Pacific Hwy. | Monmouth | OR | 97361 | (503) 838-1141 |
| Windermere West Coast Properties | 567 North Coast Highway | Newport | OR | 97365 | (541) 265-5455 |
| Windermere West, LLC | 34950 Brooten Rd. Suite A-1 | Pacific City | OR | 97135 | (503) 483-1133 |
| Windermere Cronin & Caplan Realty Group, In | 2424 SW Vista Avenue | Portland | OR | 97201 | (503) 227-5500 |
| Windermere Cronin & Caplan Realty Group, In | 825 NE Multnomah St., Ste. 120 | Portland | OR | 97232 | (503) 284-7755 |
| Windermere/Community Commercial Realty | 2105 NE 39th Ave, Ste 220 | Portland | OR | 97212 | (503) 249-1706 |
| Windermere Peninsula Realty Group | 6110 N Lombard St | Portland | OR | 97203 | (503) 286-5826 |
| Windermere Cronin & Caplan Realty Group, In | 733 NW 20th Avenue | Portland | OR | 97209 | (503) 220-1144 |
| Windermere Cronin & Caplan Realty Group, In | 6443 SW Beaverton Hillside Hy Suite 100 | Portland | OR | 97221 | (503) 297-1033 |

WINDERMERE REAL ESTATE OFFICES OPEN AS OF DECEMBER 31, 2012

| | | | | | | |
|------------------------------------|---|---|-------------------|----|-------|----------------|
| Portland- Sunset Corridor | Windermere Northwest Real Estate | 9755 SW Barnes Rd, Ste 255 | Portland | OR | 97225 | (503) 221-7380 |
| Portland- Westmoreland | Windermere Cronin & Caplan Realty Group, In | 1610 SE Bybee Blvd. | Portland | OR | 97202 | (503) 233-7777 |
| Prineville | Windermere/Central Oregon Real Estate, LLC | 150 4th St | Prineville | OR | 97754 | (541) 447-5207 |
| Property Management- Portland | Windermere Voss Property Management & As | 6110 N Lombard St | Portland | OR | 97203 | (503) 546-7902 |
| Property Management- Portland NE | Windermere/Community Commercial Realty | 2105 NE 39th Ave, Ste 200 | Portland | OR | 97212 | (503) 249-1706 |
| Property Management- Portland West | Windermere Property Management & Investm | 9755 SW Barnes Rd, Suite 255 | Portland | OR | 97225 | (503) 221-7380 |
| Redmond- OR | Windermere/Central Oregon Real Estate, LLC | 1020 SW Indian Avenue, Ste. 100 | Redmond | OR | 97756 | (541) 923-4663 |
| Relocation- OR | Windermere Relocation, LLC | 1610 SE Bybee Blvd | Portland | OR | 97202 | (503) 598-0800 |
| Salem | Windermere Pacific West Properties, Inc. | 4285 Commercial St. SE Ste 100 | Salem | OR | 97302 | (503) 391-1350 |
| Sandy | Windermere/Sandy Real Estate | 38720 Proctor Blvd. Suite 101 | Sandy | OR | 97055 | (503) 668-4131 |
| Scappoose | Windermere/St. Helens Real Estate, Inc. | 51913 Columbia River Hwy. | Scappoose | OR | 97056 | (503) 543-6343 |
| Seal Rock | Windermere WCP Real Estate Gallery | 5693 NW Pacific Coast Highway | Seal Rock | OR | 97376 | (541) 563-3862 |
| Shady Cove | Windermere/Trails End Real Estate, LLC | PO Box 1004/21675 Highway 62 | Shady Cove | OR | 97539 | (541) 878-2249 |
| St. Helens | Windermere/St. Helens Real Estate, Inc. | 519 S Columbia River Hwy. | St. Helens | OR | 97051 | (503) 397-2131 |
| The Dalles | Windermere Glenn Taylor Real Estate | 207 West 3rd St. | The Dalles | OR | 97058 | (541) 298-4451 |
| Vida | Windermere Real Estate/Lane County | 45632 McKenzie Hwy | Vida | OR | 97488 | (541) 484-2022 |
| West Linn | Windermere Cronin & Caplan Realty Group, In | 21900 Willamette Drive, Ste. 202 | West Linn | OR | 97068 | (503) 557-0707 |
| Wilsonville | Windermere/Bridgeport Realty Group | 31960 SW Charbonneau Dr. Suite 105 | Wilsonville | OR | 97070 | (503) 694-1011 |
| Coalville | Windermere Real Estate/Utah | 9 South Main Street | Coalville | UT | 84017 | (435) 649-4308 |
| Park City | Windermere Real Estate/Utah | 1881 Prospect Ave, Ste. 200 | Park City | UT | 84060 | (435) 645-9090 |
| Park City- Kimball Junction | Windermere Real Estate/Utah | 900 Bithner Road | Park City | UT | 84098 | (435) 645-9090 |
| Salt Lake City- Foothill | Windermere Real Estate/Utah | 2348 South Foothill Dr. | Salt Lake City | UT | 84109 | (801) 485-3151 |
| Salt Lake City- Union Park | Windermere Real Estate/Utah | 6955 South Union Park Center, Suite 500 | Salt Lake City | UT | 84047 | (801) 449-9400 |
| Aberdeen- Gray's Harbor | Windermere Real Estate/Grays Harbor, Inc. | 101 South Broadway | Cotton Heights | WA | 98520 | (360) 533-6464 |
| Alderwood | Windermere Real Estate/HKW, Inc. | 18811 28th Avenue West, Suite J | Aberdeen | WA | 98036 | (425) 776-9580 |
| Allyn- Hood Canal South | Windermere Peninsula Properties | P.O. Box 200 | Lynnwood | WA | 98036 | (425) 776-9580 |
| Anacortes | Windermere Real Estate/Anacortes Properties | 3018 Commercial Avenue | Allyn | WA | 98524 | (800) 228-9523 |
| Arlington | Windermere Real Estate/Arlington | 210 E. Burke Avenue | Anacortes | WA | 98221 | (360) 293-8008 |
| Auburn- Lakeland Hills | Windermere Real Estate/Lake Tapps, Inc. | 1402 Lake Tapps Pkwy East F103 | Arlington | WA | 98223 | (360) 435-0700 |
| Bainbridge Island | Windermere Real Estate/BI, Inc. | 840 Madison Ave North | Auburn | WA | 98092 | (253) 939-7442 |
| Belfair | Windermere Peninsula Properties | 30 NE Romance Hill Rd. #102 | Bainbridge Island | WA | 98110 | (206) 842-5626 |
| Bellevue | Windermere Real Estate/Bellevue/East, Inc. | 700 112th Ave NE, Suite 100 | Belfair | WA | 98528 | (360) 275-5002 |
| Bellevue Commons | Windermere Real Estate/Bellevue Commons, I | 1200 112th Ave NE Suite B100 | Bellevue | WA | 98004 | (425) 455-5300 |
| Bellevue South | Windermere Real Estate/East, Inc. | 14405 SE 36th St., Suite 100 | Bellevue | WA | 98004 | (425) 462-8000 |
| Bellevue West | Windermere Real Estate/East, Inc. | 11100 Main Street, Suite 200 | Bellevue | WA | 98006 | (425) 643-5500 |
| Bellingham | Windermere Real Estate/Whatcom, Inc. | 515 W Bakerview Rd. | Bellingham | WA | 98004 | (425) 455-9800 |
| Bellingham- Desk Fee | Windermere Real Estate/Whatcom, Inc. | 515 W Bakerview Rd. | Bellingham | WA | 98226 | (360) 734-7500 |
| Bellingham- Fairhaven | Windermere Real Estate/Whatcom, Inc. | 1200 Old Fairhaven Parkway | Bellingham | WA | 98225 | (360) 671-5000 |
| Bingen- White Salmon | Windermere Glenn Taylor Real Estate | 900 West Steuben | Bingen | WA | 98605 | (509) 493-4666 |
| Birch Bay- Blaine | Windermere Real Estate/Whatcom, Inc. | 8105 Birch Bay Square Street | Blaine | WA | 98230 | (360) 371-5100 |
| Bonney Lake- Lake Tapps | Windermere Real Estate/Lake Tapps, Inc. | 18008 Route 410 East, Suite A | Bonney Lake | WA | 98391 | (253) 883-0400 |
| Bremerton | Windermere Real Estate Kitsap | 600 Park Avenue | Bremerton | WA | 98337 | (360) 479-7004 |
| Brinnon | Windermere Hood Canal | 31 Brinnon Lane | Brinnon | WA | 98320 | (360) 796-3450 |
| Burien | Windermere Real Estate/South, inc. | 401 S.W. 152nd St. | Brinnon | WA | 98320 | (360) 796-3450 |
| Camano Island- Camano Country Club | Windermere Real Estate/CIR | 1283 Elger Bay Rd | Seattle | WA | 98166 | (206) 244-5900 |
| Camano Island- Terry's Corner | Windermere Real Estate/CIR | 818 N. Sunrise Blvd. | Camano Island | WA | 98282 | (360) 387-3411 |
| Camas | Windermere/Crest Realty Co. | 401 NE 3rd Ave | Camano Island | WA | 98282 | (360) 387-4663 |
| Cathlamet | Windermere/Kelso Longview | 102 Main St., #200 | Camas | WA | 98607 | (360) 834-3344 |
| Centralia | Windermere/Centralia | 411 West Main Street | Cathlamet | WA | 98612 | (360) 795-0552 |
| Chewelah | Windermere Chewelah LLC | N. 113th Park St./ P.O. Box 1429 | Centralia | WA | 98531 | (360) 736-3300 |
| Cle Elum | Gotch Masterson Realty, Inc. | 807 W First Street | Chewelah | WA | 99109 | (509) 935-6124 |
| | | | Cle Elum | WA | 98922 | (800) 635-1883 |

WINDERMERE REAL ESTATE OFFICES OPEN AS OF DECEMBER 31, 2012

| | | | | | |
|--------------------------|--|--|---------------|-------|----------------|
| Colville | Windermere Colville | 790 South Main | Colville | 99114 | (509) 684-1012 |
| Commercial- Everett | Windermere Real Estate/Realty Brokerage, Inc | 7100 Evergreen Way, Suite A | Everett | 98203 | (425) 355-0707 |
| Commercial- Lake Stevens | Windermere Real Estate/RMI, Inc. | 9327 4th Street NE, Ste 5 | Lake Stevens | 98258 | (425) 377-8065 |
| Commercial- Tri Cities | Windermere Real Estate/Tri-Cities | 329 North Kellogg | Kennewick | 99336 | (509) 627-1860 |
| Dayton | Windermere Real Estate/Blue Mountain Realto | 254 E. Main St. | Dayton | 99328 | (509) 382-2020 |
| Deer Park | Windermere Real Estate/Deer Park | 519 South Fir/ P.O. Box 1517 | Deer Park | 99006 | (509) 276-1703 |
| Edmonds | Windermere Real Estate/GH LLC | 210 5th Ave. S., Suite 102 | Edmonds | 98020 | (425) 672-1118 |
| Ellensburg | Windermere Real Estate/Ellensburg | 808 S. Main | Ellensburg | 98926 | (509) 925-5577 |
| Enumclaw | Windermere Real Estate/Enumclaw | 2744 Griffin Ave | Enumclaw | 98022 | (360) 825-6505 |
| Ephrata | Windermere Real Estate/Central Basin, LLC | 1133 Basin SW | Ephrata | 98823 | (509) 754-1168 |
| Everett- South | Windermere Real Estate/M2, LLC | 9502 19th Ave. SE Ste. A | Everett | 98208 | (425) 338-0600 |
| Federal Way | Windermere Real Estate/South Sound, Inc. | 33405 6th Avenue South | Federal Way | 98003 | (253) 838-8900 |
| Federal Way- West Campus | Windermere Real Estate/West Campus, Inc. | 33310 1st Way South Suite 200 | Federal Way | 98003 | (253) 838-7900 |
| Gig Harbor | Windermere Real Estate Gig Harbor | 5801 Soundview Drive, Ste 101 | Gig Harbor | 98335 | (253) 851-7374 |
| Gig Harbor- Downtown | Windermere Real Estate Gig Harbor | 3111 Harborview Drive NW | Gig Harbor | 98335 | (253) 851-9134 |
| Granite Falls | Windermere Granite Falls | 103 South Granite Avenue; PO Box 1559 | Granite Falls | 98252 | (360) 691-7377 |
| Issaquah | Windermere Real Estate/East, Inc. | 1810 15th Place NW, Suite 100 | Issaquah | 98027 | (425) 392-6600 |
| Kent | Windermere Real Estate/PSK, Inc. | 441 Ramsay Way, Suite 103 | Kent | 98032 | (253) 854-8900 |
| Kettle Falls | Windermere Real Estate/Kettle Falls | 250 East 3rd /P.O. Box 437 | Kettle Falls | 99141 | (509) 738-6521 |
| Key Peninsula | Windermere Real Estate/Key Realty | 11615 State Route 302 NW | Gig Harbor | 98329 | (253) 857-3304 |
| Kingston | Windermere Real Estate/West Sound, Inc. | 26569 Lindvog Road Northeast | Kingston | 98346 | (360) 297-2661 |
| Kirkland | Windermere Real Estate/Central, Inc | 737 Market Street | Kirkland | 98033 | (425) 823-4600 |
| Kirkland- Northeast | Windermere Real Estate Northeast Inc. | 11411 NE 124th St #110 | Kirkland | 98034 | (425) 820-5151 |
| Kirkland- Yarrow Bay | Windermere Real Estate/East, Inc. | 3933 Lk Washington Blvd NE Suite 100 | Kirkland | 98033 | (425) 822-5100 |
| Lake Chelan | Windermere Real Estate/Lake Chelan | 115 East Woodin Avenue/ PO Box 2382 | Lake Chelan | 98816 | (509) 682-4211 |
| Lake Stevens | Windermere Real Estate/Lake Stevens, Inc. | 9327-4th St. NE, Suite #3 | Lake Stevens | 98258 | (425) 335-4666 |
| Long Beach | Windermere/Pacific Land Company | 1410 St Route 101 /PO Box 1577 | Long Beach | 98631 | (360) 642-5600 |
| Longview- Kelso | Windermere Kelso Longview | 209 West Main, Ste 200 | Kelso | 98626 | (360) 636-4663 |
| Lopez Island | Windermere Real Estate/Lopez Island | 182 Lopez Road, Friendly Isle Bldg Suite A | Lopez Island | 98261 | (360) 468-3344 |
| Lynden | Windermere Real Estate/Whatcom, Inc. | 8071 Guide Meridian, Unit 105 | Lynden | 98264 | (360) 354-4455 |
| Lynnwood | Windermere Real Estate/North, Inc. | 4211 Aldenwood Mall Blvd. Suite 110 | Lynnwood | 98036 | (425) 776-1119 |
| Maple Valley | Windermere Real Estate/Maple Valley | 22017 S.E. Wax Road, Suite 102 | Maple Valley | 98038 | (425) 569-6900 |
| Marysville | Windermere Real Estate/JS, Inc. | 801 State Ave. | Marysville | 98270 | (360) 653-2509 |
| Mazama | Windermere Methow Valley | 42 Lost River Road | Mazama | 98833 | (509) 996-6562 |
| Mercer Island | Windermere Real Estate/Mercer Island | 2737 77th Ave. S.E. | Mercer Island | 98040 | (206) 232-0446 |
| Methow Valley | Windermere Methow Valley | 313 E. Highway 20 Box 1088 | Mercer Island | 98856 | (509) 997-6562 |
| Mill Creek | Windermere Real Estate/Mill Creek, Inc. | 18323 Bothell Everett Hwy Suite 210 | Twisp | 98012 | (425) 481-6666 |
| Monroe | Windermere Real Estate/Northwest, Inc. | 800 West Main | Monroe | 98272 | (360) 794-3777 |
| Moses Lake | Windermere Real Estate/Northwest, Inc. | 2900 West Broadway | Moses Lake | 98837 | (509) 765-3337 |
| Mount Vernon | Windermere Real Estate/K-z Realty LLC | 1030 E. College Way | Mount Vernon | 98273 | (360) 424-4901 |
| Mukilteo | Windermere Real Estate/Skagit Valley | 12003 Mukilteo Speedway Suite 101 | Mukilteo | 98275 | (425) 348-5960 |
| Northport | Windermere Real Estate/GH LLC | 412 Center Ave | Northport | 99157 | (509) 732-6269 |
| Ocean Shores | Windermere Real Estate/Grays Harbor, Inc. | 749 Point Brown Avenue NW | Ocean Shores | 98569 | (360) 289-3373 |
| Olympia | Windermere Real Estate/Olympia | 2312 Pacific Ave | Olympia | 98501 | (360) 943-7839 |
| Omak- Okanogan | Windermere Methow Valley | 540 Riverside Ave. (PO Box 3817) | Omak | 98841 | (509) 826-5906 |
| Orcas Island | Windermere Real Estate/Orcas Island, Inc. | 18 Haven Road / P.O. Box 310 | Orcas Island | 98245 | (800) 842-5770 |
| Oroville | Windermere Real Estate/Oroville | 1408 Main | Oroville | 98844 | (509) 476-3378 |
| Packwood | Windermere Mountain Valley Real Estate | 13068 U.S. Highway 12 | Packwood | 98361 | (360) 494-2323 |
| Port Angeles | Windermere Real Estate/Port Angeles | 711 E. Front Street | Port Angeles | 98362 | (360) 457-0456 |
| Port Orchard | Windermere Real Estate/Port Orchard | 1200 Bethel Ave. | Port Orchard | 98366 | (360) 876-9600 |
| Port Townsend | Windermere Real Estate Port Townsend | 1220 Water Street | Port Townsend | 98368 | (360) 385-9344 |

WINDERMERE REAL ESTATE OFFICES OPEN AS OF DECEMBER 31, 2012

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|------------------------------------|--|-------------------------------------|------------------|-------|----------------|
| Poulsbo | Windermere Real Estate/West Sound, Inc. | 18570 Hwy 305 | Poulsbo | 98370 | (360) 779-5205 |
| Property Management- Bellevue | Windermere Property Management/Lori Gill & , 700 112th Ave NE Ste 203 | | Bellevue | 98004 | (425) 455-5515 |
| Property Management- Bellingham | Windermere Management | 541 W. Bakerview Rd | Bellingham | 98226 | (360) 733-7944 |
| Property Management- Edmonds | Windermere Property Management/Lori Gill & , 146 3th Ave South | | Edmonds | 98020 | (425) 672-2000 |
| Property Management- Everett | Windermere Real Estate/Realty Brokerage, Inc 7100 Evergreen Way, Suite A | | Everett | 98203 | (425) 348-7368 |
| Property Management- Lynnwood | Windermere Real Estate/North, Inc. | 4211 Alderwood Mall Blvd. Suite 110 | Lynnwood | 98036 | (425) 776-1119 |
| Property Management- Moses Lake | Windermere Real Estate/K-2 Realty LLC | 2900 West Broadway | Moses Lake | 98837 | (509) 765-6270 |
| Property Management- Olympia | Windermere/Olympia Property Management | 2413 Pacific Avenue, Suite C | Olympia | 98501 | (360) 943-4189 |
| Property Management- Packwood | Windermere Mountain Valley Real Estate | 102 E Main St. | Packwood | 98361 | (360) 494-2323 |
| Property Management- Pullman | Windermere Pullman Moscow | 840 SE Bishop Blvd. Suite 203 | Pullman | 99163 | (509) 338-4653 |
| Property Management- Puyallup | Windermere Property Management of the Soul 12114 104th Ave E | | Puyallup | 98374 | (253) 445-0166 |
| Property Management- Seattle | Windermere Property Management/JMW | 615 Eastlake Ave E | Seattle | 98109 | (206) 621-2037 |
| Property Management- Seattle North | Windermere Property Management/Lori Gill & , 819 NE 65th Street | | Seattle | 98115 | (206) 527-0400 |
| Property Management- South | Windermere Property Management/WPM Sout 15215 SE 272nd Street, Ste 204 | | Kent | 98042 | (253) 638-9811 |
| Property Management- Spokane | Windermere Property Management | 8601 North Division | Spokane | 99208 | (509) 467-2202 |
| Property Management- Stanwood | Windermere Real Estate/CIR | 7359 267th St. NW, Ste. E | Stanwood | 98282 | (360) 629-8233 |
| Property Management- Walla Walla | Windermere Property Management/Walla Wall 20 East Poplar, Ste. 204-B | | Walla Walla | 99362 | (509) 526-7368 |
| Property Management- Yelm | Windermere Real Estate/Yelm WA | 709 Yelm Ave E | Yelm | 98597 | (360) 458-5120 |
| Pullman | Windermere Pullman Moscow | 1125 NW Nye St, Ste B | Pullman | 99163 | (509) 334-3530 |
| Puyallup | Windermere Real Estate/Puyallup, Inc. | 12114 104th Ave. E. | Puyallup | 98374 | (253) 845-5900 |
| Quincy | Windermere Real Estate/Central Basin, LLC | 503 S Central Ave | Quincy | 98848 | (509) 787-4536 |
| Redmond | Windermere Real Estate/S.C.A., Inc. | 16261 Redmond Way | Redmond | 98052 | (425) 883-0088 |
| Relocation and Referral Svcs | Windermere Services Mountain West | 301 NE 100th St, Suite #200 | Seattle | 98125 | (206) 526-7730 |
| Relocation- Mountain West | Windermere Real Estate/Renton, Inc. | 25 W. Cataldo, Ste. A | Spokane | 99201 | (509) 468-9410 |
| Renton | Windermere Real Estate/PSR, Inc. | 3800 NE 4th Street | Renton | 98056 | (425) 235-7777 |
| Renton- Tukwila South | Windermere Real Estate/PSR, Inc. | 3900 East Valley Road, Ste 200 | Renton | 98057 | (425) 277-5900 |
| Republic | Windermere Republic | 728 S. Clark Ave | Republic | 99166 | (509) 775-3004 |
| San Juan Island | Windermere Real Estate/San Juan Island | 50 Spring Street, PO Box 488 | Friday Harbor | 98250 | (360) 378-3600 |
| Seattle- Ballard | Windermere Real Estate/Northwest, Inc. | 2636 NW Market Street | Seattle | 98107 | (206) 789-7700 |
| Seattle- Capitol Hill | Windermere Real Estate/Capitol Hill, Inc. | 1112 19th Avenue East | Seattle | 98112 | (206) 324-8900 |
| Seattle- Eastlake | Windermere Real Estate/Northwest, Inc. | 214 East Galer St., Suite 300 | Seattle | 98102 | (206) 448-6000 |
| Seattle- Green Lake | Windermere Real Estate Company | 7300 East Green Lake Drive North | Seattle | 98115 | (206) 957-9441 |
| Seattle- Greenwood | Windermere Real Estate Greenwood | 311 N 85th | Seattle | 98103 | (206) 527-5250 |
| Seattle- Lakeview | Windermere Real Estate Company | 1920 North 34th Street | Seattle | 98103 | (206) 527-5445 |
| Seattle- Madison Park | Windermere Real Estate/Northwest, Inc. | 4015 East Madison | Seattle | 98112 | (206) 324-0000 |
| Seattle- Magnolia | Windermere Real Estate/Northwest, Inc. | 3214 W McGraw Street, Ste 102 | Seattle | 98199 | (206) 284-8989 |
| Seattle- Mount Baker | Windermere Real Estate/Northwest, Inc. | 4919 South Genesee Street | Seattle | 98118 | (206) 725-7255 |
| Seattle- Northgate | Windermere Real Estate Company | 301 NE 100th St, Suite #200 | Seattle | 98125 | (206) 526-5544 |
| Seattle- Northlake | Windermere Real Estate Company | 17711 Ballinger Way N.E. | Lake Forest Park | 98155 | (206) 364-8100 |
| Seattle- Northwest | Windermere Real Estate FN, Inc. | 12250 Greenwood Ave N | Seattle | 98133 | (206) 367-4720 |
| Seattle- Queen Anne | Windermere Real Estate/Wall Street, Inc. | 214 W McGraw St. | Seattle | 98119 | (206) 283-8080 |
| Seattle- Sand Point | Windermere Real Estate Company | 5424 Sand Point Way NE | Seattle | 98105 | (206) 524-1100 |
| Seattle- Wall Street | Windermere Real Estate/Wall Street, Inc. | 2420 2nd Ave. at Wall St. | Seattle | 98121 | (206) 448-6400 |
| Seattle- Wedgwood | Windermere Real Estate Company | 8401 35th Ave NE | Seattle | 98115 | (206) 522-9600 |
| Seattle- West Seattle | Windermere Real Estate/Wall Street, Inc. | 4526 California Ave SW | Seattle | 98116 | (206) 935-7200 |
| Sequim- East | Windermere Real Estate Sequim East | 842 East Washington | Sequim | 98382 | (360) 683-6880 |
| Sequim- Sunland | Windermere Real Estate/Sunland | 137 Fairway Dr | Sequim | 98382 | (360) 683-6880 |
| Shelton | Windermere Real Estate/Himlile | 920 Railroad Ave./ P.O. Box 729 | Shelton | 98584 | (360) 426-2646 |
| Shoreline | Windermere Real Estate/Shoreline | 900 North 185th Street | Shoreline | 98133 | (206) 546-5731 |
| Silverdale | Windermere Real Estate/West Sound, Inc. | 9939 Mickelberry Rd. NW | Silverdale | 98383 | (360) 692-6102 |
| Snohomish | Windermere Real Estate/Snohomish, Inc. | 731 2nd St | Snohomish | 98290 | (360) 568-1537 |

WINDERMERE REAL ESTATE OFFICES OPEN AS OF DECEMBER 31, 2012

| | | | | | | |
|-------------------------------|--|------------------------------------|------------------|----|-------|----------------|
| Spokane- City Group | Windermere Real Estate/City Group, LLC | 908 North Howard Street, Suite 101 | Spokane | WA | 98201 | (509) 323-2323 |
| Spokane- Liberty Lake | Windermere Real Estate/Valley, Inc. | 1429 N. Liberty Lake Rd., Suite A | Liberty Lake | WA | 99019 | (509) 340-8000 |
| Spokane- Manito | Windermere/Manito, LLC | 2829 South Grand Blvd, Ste 101 | Spokane | WA | 99203 | (509) 747-1051 |
| Spokane- Mullan | Windermere Real Estate/Cornerstone | 1420 N Mullan, #200 | Spokane | WA | 99206 | (509) 927-7733 |
| Spokane- North | Windermere North Spokane LLC | 9017 N. Country Homes Blvd | Spokane | WA | 99218 | (509) 467-6640 |
| Spokane- Valley | Windermere Real Estate/Valley, Inc. | 15812 East Indiana Avenue | Spokane Valley | WA | 99216 | (509) 928-1991 |
| Stanwood | Windermere Real Estate/CJR | 7359 267th St. NW, Ste. D | Stanwood | WA | 98292 | (360) 629-8233 |
| Stevenson | Windermere Glenn Taylor Real Estate | 220 SW Second | Stevenson | WA | 98648 | (509) 427-2777 |
| Tacoma- North | Windermere Professional Partners | 2209 North Pearl Street, #200 | Tacoma | WA | 98406 | (253) 830-6000 |
| Tacoma- Professional Partners | Windermere Professional Partners | 4701 S 19th Street | Tacoma | WA | 98405 | (253) 565-1199 |
| Tacoma- University Place | Windermere Professional Partners | 2700 Bridgeport Way W, Ste F | University Place | WA | 98466 | (253) 565-1121 |
| Tri-Cities- Kennewick | Windermere Real Estate/Tri-Cities | 329 North Kellogg Street | Kennewick | WA | 99336 | (509) 783-8811 |
| Tri-Cities- Richland | Windermere Group One/Tri-Cities | 490 Bradley Blvd. | Richland | WA | 99352 | (509) 946-1188 |
| Vancouver- Evergreen | Windermere/Realty Partners, Inc. | 201 NE Park Plaza Dr., Ste 218 | Vancouver | WA | 98684 | (360) 567-0475 |
| Vancouver- Mill Plain | Windermere Real Estate/Stellar Group | 12500 SE 2nd, Circle, Ste 205 | Vancouver | WA | 98684 | (360) 253-3600 |
| Vancouver- Officers Row | Windermere Real Estate/Stellar Group | 850 Officers Row | Vancouver | WA | 98661 | (360) 694-4050 |
| Vashon Island | Windermere Real Estate/Vashon-Maury Island | 17233 Vashon Hwy SW | Vashon Island | WA | 98070 | (206) 463-9148 |
| Walla Walla | Windermere Real Estate/Walla Walla | 202 South First Avenue | Walla Walla | WA | 99362 | (509) 525-2151 |
| Wenatchee | Windermere Real Estate/NCW | 1625 N. Wenatchee Avenue | Wenatchee | WA | 98801 | (509) 662-7184 |
| Westport | Windermere Real Estate/Westport, Inc. | 2521 Westhaven Dr/ P.O. Box 2369 | Westport | WA | 98595 | (360) 268-1234 |
| Whidbey Island- Coupeville | Windermere Real Estate/Whidbey Island | P.O. Box 610, 5 South Main St. | Coupeville | WA | 98239 | (360) 678-5858 |
| Whidbey Island- Freeland | Windermere Real Estate/South Whidbey | 5531 Freeland Avenue | Freeland | WA | 98249 | (360) 331-6006 |
| Whidbey Island- Langley | Windermere Real Estate/South Whidbey | 223 Second Street/ P.O. Box 1068 | Langley | WA | 98260 | (360) 221-8898 |
| Whidbey Island- Oak Harbor | Windermere Real Estate/Whidbey Island | 32785 SR 20, Suite 4 | Oak Harbor | WA | 98277 | (360) 675-5953 |
| WMM, Inc. | WMM, Inc | 26423 NE Allen St, Ste 104 | Duwall | WA | 98019 | |
| WNHS | Windermere Builder Solutions | 5424 Sand Point Way NE | Seattle | WA | 98105 | |
| Woodinville | Windermere Real Estate/SBA, Inc. | 13901 NE 175th St., Ste. 100 | Woodinville | WA | 98072 | (425) 483-5100 |
| Yakima | Windermere Real Estate/Yakima | 4002 Englewood Avenue | Yakima | WA | 98908 | (509) 965-6655 |
| Yelm | Windermere Real Estate/Yelm | PO Box 12577709 Yelm Ave East | Yelm | WA | 98597 | (360) 458-3855 |

EXHIBIT D

EXHIBIT D
STATE SPECIFIC INFORMATION

Regulatory Agencies. The Regulatory Agencies for the states in which WSC conducts business are as follows:

California: California Department of Corporations
1515 K Street, Suite 200
Sacramento, CA 95814-4052

Hawaii: Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 201
Honolulu, Hawaii 96813

Oregon: Oregon State Department of Consumer and
Business Services
Division of Finance and Corporate Securities
Securities Section
350 Winter Street NE
P.O. Box 14480
Salem, Oregon 97309-0405

Utah: Department of Commerce
Division of Consumer Protection
160 East 300 South
SM Box 146704
Salt Lake City, UT 84114-6704

Washington: Washington State Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

All other states: Federal Trade Commission
Division of Marketing Practices
600 Pennsylvania Avenue, N.W.
Room 238
Washington, D.C. 20580

Agents. WSC's Agents for Service of Process are as follows:

| | |
|-------------|--|
| Alaska: | CT Corporation System 9360 Glacier Hwy, Suite #202 Juneau, AK 99801 |
| Arizona: | CT Corporation System 2390 E. Camelback Road Phoenix, AZ 85016 |
| California: | California Corporations Commissioner 1515 K Street, Suite 200 Sacramento, CA 95814-4052 |
| Colorado | The Corporation Company 1675 Broadway, Suite #1200 Denver, Colorado 80202 |
| Hawaii: | CT Corporation System 1136 Union Mall Suite 301 Honolulu, HI 96813 |
| Idaho: | CT Corporation System 921 S. Orchard Street Suite G Boise, Idaho 83705 |
| Montana: | CT Corporation System 208 North Broadway, Ste. 313 Billings, MT 59101 |
| Nevada: | The Corporation Trust Company of Nevada 311 South Division Street Carson City, Nevada 89703 |
| Oregon: | CT Corporation System 388 State Street Suite #420 Salem, OR 97301-3581 |
| Utah | CT Corporation System #7140008-0250 136 East South Temple, Suite 2100 Salt Lake City, Utah 84111-1180 |
| Washington: | Paul S. Drayna 5424 Sand Point Way NE Seattle, WA 98105 |
| Wyoming: | CT Corporation System 1720 Carey Avenue Suite #200 Cheyenne, Wyoming 82001 |

EXHIBIT E

TECHNOLOGY FEE INFORMATION

The following information was accurate as of the date of this document, but is subject to change from time to time. Technology services may be added, discontinued or modified at WSC's discretion.

BASIC TECH SERVICE: the following services are included in the monthly per agent technology fee:

- One email address (AgentName@windermere.com)
- Office roster and listings displayed on primary site (www.windermere.com)
- Agent Web site: (AgentName.withwre.com)
- Access to WORC Site: Flyer Templates; Windermere Forms; CMA (user-loaded listings); Listing Management; Agent "Home Page" Web sites; Photo Gallery.
- Technical Support: Internet Coordinator technical support for all Windermere tools (M-F, 8:30 a.m. to 5:00 p.m. Pacific Time).
- Internet Coordinator training (via phone or in person, travel at Owner's expense).

ADDITIONAL EMAIL ACCOUNTS: The monthly technology fee includes one email address. Additional email accounts incur the following charges:

| Account Type | One-Time Setup Fee | Additional Annual Fee |
|---|--------------------|-----------------------|
| Office (first two accounts) | None | \$60-120 |
| Office (each additional) | \$25 | \$60-120 |
| Owner (first account) | None | \$60-120 |
| Owner (each additional) | \$25 | \$60-120 |
| Agent/Assistant/Staff (first account) | \$25 | \$60-120 |
| Agent/Assistant/Staff (each additional) | \$25 | \$60-120 |

MLS PUBLIC SWEEPS OF ACTIVE LISTINGS TO WINDERMERE.COM: For new offices / regions joining the Windermere system – if we do not already sweep your MLS, then you may need to pay additional setup and/or annual ongoing fees to have your MLS data downloaded for display on Windermere.com. This is determined on a case by case basis. It must be technically feasible for us to extract active listings and "IDX" fields, which may not be possible in all MLS's. Data sweep includes active Windermere and non-Windermere listings. The number of sweeps per week depends on data feed type and frequency from the MLS.

PRIVATE SWEEP OF ACTIVE AND OFF MARKET DATA FOR CMA/CMS: For new offices / regions joining the Windermere system – if we do not already sweep your MLS, then you may need to pay additional setup and/or annual ongoing fees to have your MLS data downloaded for use in the Windermere CMA and CMS tools. Available on a case by case basis for an additional annual fee. Must be technically feasible to extract status types and complete property record, which may not be possible in all

MLS's. Data sweep includes all available status types of Windermere and Non-Windermere listings. The number of sweeps per week depends on data feed type and frequency from MLS.

- i.) Residential MLS Search (other property types as available).
- ii.) Saved Searches
- iii.) Saved Prospects
- iv.) Automatic E-mail notification to prospects
- v.) Integrated contacts with CMS
- vi.) CMA: access to MLS data with CMA tool

EXHIBIT F

EXHIBIT F
CALIFORNIA ADDENDUM

1. 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.
2. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF CORPORATIONS NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
3. Neither the franchisor nor any person or franchise broker in Item 2 of the UFDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
4. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
5. 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.).
6. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
7. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

EXHIBIT G

EXHIBIT G
DISCLOSURE OF NEGOTIATED SALES

WSC hereby discloses, pursuant to California Corporations Code Section 31109.1, that in the twelve months preceding the delivery of this disclosure it entered into one or more franchise agreements which differed from the terms shown in the offering on file with the State of California at the time the offering was made. A summary description of each material negotiated term appears below.

- On December 8, 2012, WSC entered into a new franchise agreement with ED/VAR, Inc., a California corporation doing business as Windermere Valley Properties. The franchisee operates offices in Salinas and Morgan Hill, CA. WSC agreed to accept the initial franchise fee of \$10,000, paid in monthly installments of \$1,000 each.

Copies of the negotiated terms are available upon written request to:

Paul S. Drayna, General Counsel
Windermere Services Company
5424 Sand Point Way NE, Seattle, WA 98105
206-527-3801

I acknowledge I received a copy of the foregoing disclosure.

| | |
|------------|--|
| Sign | |
| Print Name | |
| Date | |

EXHIBIT K

Home (/) / Search

Search

Legal Name:

Application Type:

Notice Type:

Filing Received From: To:

| Legal Name | Application/Notice Type | Filing Type | Received Date | Number of Enforcement Actions |
|---|--|-------------|---------------|-------------------------------|
| Windermere Real Estate Services Company (Southern CA) | Uniform Franchise Registration Application | Renewal | 04/20/2012 | 0 |
| Windermere Real Estate Services Company (Northern CA) | Uniform Franchise Registration Application | Renewal | 04/20/2012 | 0 |
| Windermere Real Estate Services Company (Northern CA) | Uniform Franchise Registration Application | Renewal | 04/19/2013 | 0 |
| Windermere Real Estate Services Company (Southern CA) | Uniform Franchise Registration Application | Initial | 06/17/2013 | 0 |
| Windermere Real Estate Services Company | Uniform Franchise Registration Application | Renewal | 04/08/2015 | 0 |
| Windermere Real Estate Services Company (Northern CA) | Uniform Franchise Registration Application | Renewal | 04/07/2014 | 0 |

windermere Real Estate Services
Company (Northern CA)

#:1423

04/19/2013 0

Windermere Real Estate Services
Company (Southern CA)

06/17/2013 0

WINDERMERE REAL ESTATE SERVICES
COMPANY (NORTHERN CA)

Internet
Advertisement
Exemption

07/23/2010 0

WINDERMERE REAL ESTATE SERVICES
COMPANY (SOUTHERN CA)

Internet
Advertisement
Exemption

08/12/2010 0

1 2

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Search

Legal Name:

Application Type:

Notice Type:

Filing Received From: To:

| Legal Name | Application/Notice Type | Filing Type | Received Date | Number of Enforcement Actions |
|---|-----------------------------|-------------|---------------|-------------------------------|
| WINDERMERE REAL ESTATE SERVICES COMPANY (NORTHERN CA) | Franchise Renewal | | 04/20/2009 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (NORTHERN CA) | Franchise Registration | | 07/23/2010 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (SOUTHERN CA) | Franchise Registration | | 08/12/2010 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (NORTHERN CA) | Franchise Registration | | 06/03/2011 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (SOUTHERN CA) | Franchise Registration | | 08/02/2011 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (SOUTHERN CA) | F-Post-Effective Amendments | | 12/12/2011 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (NORTHERN CA) | F-Post-Effective Amendments | | 12/12/2011 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY | Franchise Registration | | 03/19/2004 | 0 |

| WINDERMERE REAL ESTATE SERVICES COMPANY (NORTHERN CA) | Franchise Registration #1428 | 10/29/2004 | 0 |
|---|---------------------------------|------------|---|
| WINDERMERE REAL ESTATE SERVICES COMPANY (SOUTHERN CA) | Franchise Registration | 10/29/2004 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (SOUTHERN CA) | Franchise Renewal | 04/21/2005 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (NORTHERN CA) | Franchise Renewal | 04/21/2005 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (NORTHERN CA) | F-Post-Effective Amendments | 09/23/2005 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (SOUTHERN CA) | F-Post-Effective Amendments | 09/23/2005 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (NORTHERN CA) | Franchise Renewal | 04/20/2006 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (SOUTHERN CA) | Franchise Renewal | 04/20/2006 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (SOUTHERN CA) | Franchise Renewal | 04/20/2007 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (NORTHERN CA) | Franchise Renewal | 04/20/2007 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY | Franchise Renewal | 04/03/2003 | 0 |
| WINDERMERE REAL ESTATE SERVICES COMPANY (NORTHERN CA) | Franchise Registration | 04/18/2008 | 0 |
| WINDERMERE REAL ESTATE | Franchise Renewal | 04/18/2008 | 0 |

CA)

#:1426

WINDERMERE REAL ESTATE
SERVICES COMPANY (SOUTHERN
CA)

Franchise Renewal

04/20/2009 0

1 2

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EXHIBIT L

DEPARTMENT OF BUSINESS OVERSIGHT

Ensuring a fair and secure financial services marketplace for all Californians



Jan Lynn Owen
Commissioner of Business Oversight
San Francisco, California

JUL - 5 2013

IN REPLY REFER TO:
FILE NO: 995-3598

Mr. Paul S. Drayna
5424 Sand Point Way NE
Seattle, WA 98105

Applicant: Windermere Real Estate Services Company (Southern California)

Dear Mr. Drayna:

We are enclosing the Order issued in the above-entitled matter. The registration of the franchise identified in the application filed on June 17, 2013, of the above referenced applicant is effective as of the date hereof.

The registration of the offer and sale of franchises requested in the application filed on June 17, 2013, is effective until April 20, 2014.

Please note that pursuant to section 31121, a registration renewal application must be filed no later than 15 business days prior to the expiration of the registration.

There is no stop order in effect pursuant to section 31115 of the Franchise Investment Law.

Sincerely,

Rafael Lirag
Senior Corporations Counsel
Securities Regulation Division
415-972-8576

Enclosure

1515 K Street, Suite 200
Sacramento, CA 95814-4052
(916) 445-2705

One Sansome Street, Suite 600
San Francisco, CA 94104-4428
(415) 972-8565

320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

1810 13th Street
Sacramento, CA 95811
(916) 322-5966

45 Fremont Street, Suite 1700
San Francisco, CA 94105
(415) 263-0500

300 S. Spring Street, Suite 15513
Los Angeles, CA 90013
(213) 897-2085

7575 Metropolitan Drive, Suite 10B
San Diego, CA 92108
(619) 682-7227

STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

File No. 995-3598

Applicant: Windermere Real Estate Services Company (Southern California)

ORDER
DESIGNATING REGISTRATION PERIOD

The registration of the offer and sale of franchises requested in the application
filed on June 17, 2013 will terminate on April 20, 2014.

Dated: San Francisco, California

JUL - 5 2013



Jan Lynn Owen
Commissioner of Business Oversight

By Rafael Lirag
Rafael Lirag
Senior Corporations Counsel

EXHIBIT M

Subject: FW: UFDD for Northern California

From: Paul Drayna [mailto:pdrayna@windermere.com]
Sent: Wednesday, June 12, 2013 4:38 PM
To: Bob Deville
Subject: UFDD for Northern California

Use this for now. Get Item 23 signed today, and he can sign a franchise agreement in 14 days.

Paul S. Drayna, General Counsel
Windermere Services Co.
5424 Sand Point Way NE
Seattle, WA 98105
206.527.3801
pdrayna@windermere.com

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This email has been scanned by the Boundary Defense for Email Security System. For more information please visit <http://www.apptix.com/email-security/antispam-virus>

EXHIBIT N

From: Bob Deville [mailto:bdeville@windermereocal.com]
Sent: Friday, June 14, 2013 3:31 PM
To: Patrick Robinson
Subject: FW: UFDD for Southern California

Review and just be sure they did not change anything
We want to make sure our So CA program is in tact

Bob Deville
Broker/Owner
Windermere Real Estate Southern California
A Division of Bennion & Deville Fine Homes, Inc.

From: Paul Drayna [mailto:pdrayna@windermere.com]
Sent: Friday, June 14, 2013 2:34 PM
To: Bob Deville; Patrick Robinson
Subject: UFDD for Southern California

Bob and Patrick:

Your UFDD renewal packet is going out today to the State of California for filing. We typically receive approval within two weeks. As soon as it is approved I will let you know, and upload it to the WORC site. In the mean time you can use the Northern California filing, which is already approved for this year, and which I sent Bob earlier this week. We can use that one to sign up the new San Diego office as a temporary solution until the SoCal version is ready. Be sure to have them sign the Item 23 receipt (crossing off Scott Mitchelson's name, and writing in Bob's), AS WELL AS THE DISCLOSURE OF NEGOTIATED SALES, which should be the last page of the packet.

For your internal review only, attached are PDF's of the UFDD and license agreement we sent to the state today, along with a redline version showing changes from last year. These are not to be released externally until approved by the state.

Let me know if you have any questions. I'm out next week, but will be checking email and can be reached by cell phone if there's an emergency. I'm back in the office June 24.

Paul S. Drayna, General Counsel
Windermere Services Co.
5424 Sand Point Way NE
Seattle, WA 98105
206.527.3801
pdrayna@windermere.com

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EXHIBIT O

From: Paul Drayna <pdrayna@windermere.com>
Sent: Friday, June 21, 2013 11:51 AM
To: Bob Deville; Geoff Wood
Subject: RE: UFDD for Southern California

Yes, it went out last week. I'm on vacation this week, will be back Monday. In the mean time you may proceed with the Northern California UFDD as we discussed.

The reason that it says last year's initial fees ranged from \$25K to \$25K is because there was only one initial fee collected last year, and it was \$25K. We are required to disclose the range actually collected if the initial fee can vary. We have always said that it can, to allow room for situations where we choose to negotiate it. Because we say it can vary, we are required to disclose what people actually paid last year. The alternative is to say that it never varies, but then if you ever do negotiate it that becomes a "negotiated sale" which must be disclosed. Saying it can vary and stating the range is easier, in my opinion, and draws less attention to specific cases where it was negotiated in a particular case.

Paul S. Drayna, General Counsel
Windermere Services Co.
5424 Sand Point Way NE
Seattle, WA 98105
206.527.3801
pdrayna@windermere.com

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From: Bob Deville [mailto:bdeville@windermeresocal.com]
Sent: Thursday, June 20, 2013 10:35 AM
To: Paul Drayna; Geoff Wood
Subject: FW: UFDD for Southern California

Paul,
Just checking to be sure this has gone out

Bob Deville
Broker/Owner
Windermere Real Estate Southern California
A Division of Bennion & Deville Fine Homes, Inc.

From: Patrick Robinson [mailto:probinson@windermeresocal.com]
Sent: Thursday, June 20, 2013 10:40 AM
To: Bob Deville; roverbob@windermeresocal.com
Subject: FW: UFDD for Southern California

Bob,
The changes include:

- The due dates for payments and reports changed from the 5th back to the 15th. That makes it easier for the Owners to get the \$\$ to us with mail time, etc.

- Page 9 includes changes to your and Bob's bio. Please look at that.
- Page 9 includes updates to the suit with Lifestyles Services and adding the 29 palms Indians suit
- Page 11 added a line about the range of prior year Initial fee range. Not sure why, but they say the range in the prior year (2012) was \$25k - \$25k.

Thanks,
Patrick

Patrick Robinson

Director of Services
Windermere Services Southern California
A Division of Bennion & Deville Fine Homes, Inc.
71-691 Hwy 111
Rancho Mirage, CA 92270

760-770-6801 – Office
760-340-7591 – Fax

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From: Bob Deville [<mailto:bdeville@windermeresocal.com>]
Sent: Friday, June 14, 2013 3:31 PM
To: Patrick Robinson
Subject: FW: UFDD for Southern California

Review and just be sure they did not change anything
We want to make sure our So CA program is in tact

Bob Deville
Broker/Owner
Windermere Real Estate Southern California
A Division of Bennion & Deville Fine Homes, Inc.

From: Paul Drayna [<mailto:pdrayna@windermere.com>]
Sent: Friday, June 14, 2013 2:34 PM
To: Bob Deville; Patrick Robinson
Subject: UFDD for Southern California

Bob and Patrick:

Your UFDD renewal packet is going out today to the State of California for filing. We typically receive approval within two weeks. As soon as it is approved I will let you know, and upload it to the WORC site. In the mean time you can use the Northern California filing, which is already approved for this year, and which I sent Bob earlier this week. We can use that one to sign up the new San Diego office as a temporary solution until the SoCal version is ready. Be sure to have them sign the Item 23 receipt (crossing off Scott Mitchelson's name, and writing in Bob's), AS WELL AS THE DISCLOSURE OF NEGOTIATED SALES, which should be the last page of the packet.

For your internal review only, attached are PDF's of the UFDD and license agreement we sent to the state today, along with a redline version showing changes from last year. These are not to be released externally until approved by the state.

Let me know if you have any questions. I'm out next week, but will be checking email and can be reached by cell phone if there's an emergency. I'm back in the office June 24.

Paul S. Drayna, General Counsel
Windermere Services Co.
5424 Sand Point Way NE
Seattle, WA 98105
206.527.3801
pdrayna@windermere.com

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EXHIBIT P

From: Paul Drayna <pdrayna@windermere.com>
Sent: Thursday, July 11, 2013 9:48 AM
To: Bob Deville
Cc: Patrick Robinson
Subject: FW: Santaluz License Agreement
Attachments: License Agreement 070413.pdf

Bob – here's what I sent Patrick on July 3.

Paul S. Drayna, General Counsel
Windermere Services Co.
5424 Sand Point Way NE
Seattle, WA 98105
206.527.3801
pdrayna@windermere.com

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From: Paul Drayna
Sent: Wednesday, July 03, 2013 5:57 PM
To: 'Patrick Robinson'
Cc: Lans Teal; Julia Jordan (JULIA.JORDAN@WINDERMERE.COM)
Subject: Santaluz License Agreement

Hi Patrick. Attached is the draft license agreement for the new San Diego office. As I explained before, based on the date of their Item 23 receipt, this agreement cannot be dated or signed before July 4 (and they can't cut you a check before that date either!). I have therefore dated it July 4th. They can sign it as early as tomorrow.

Lans was gone today, and I'm sorry I don't have the information you sent him previously about this company. I didn't know if Fred Schuster was going to be an owner, or just their DO. I also didn't know what the ownership percentages were going to be. I have listed Fred as an owner and left percentages blank. If that's right, just fill in the ownership percentages. If wrong, cross his name off throughout.

This was prepared using the Northern California form, as discussed before, because we are still waiting for approval on the SoCal UFDD. The idea was to use this as a stop gap. I have not modified this to reflect the fees you intend to charge, because this has to mirror what's in the NCA UFDD. July fees are not due until August 15, and I expect that long before that we will have the SCA UFDD delivered, signed, and a new license agreement signed on those terms. The intent here is to just have an agreement inked that gives them legit rights to use the WRE name until we can get the real agreement in place. So please have them sign this as is, even though it doesn't yet reflect the terms you've discussed with them. Those terms will be shown in the new SCA UFDD, and in the real license agreement they will sign ASAP. If they, or their lawyer, have any concerns about that have them call me.

I'm leaving the office now, and we are closed tomorrow and Friday. I'll be back in the office Monday. If you want changes made to this before Monday, I'll take it with me on my laptop. I'll be camping for the weekend, but should have email access the whole time, and if we urgently need to get this done before Monday I can go find a Starbucks, get on wifi and make any changes needed. It's just car camping, and we're not going far.

That's it. Have a great holiday weekend, and let me know if you need anything urgently before Monday. You can call my cell too if necessary. 206-399-6405.

Paul S. Drayna, General Counsel
Windermere Services Co.
5424 Sand Point Way NE
Seattle, WA 98105
206.527.3801
pdrayna@windermere.com

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EXHIBIT Q

From: Paul Drayna <pdrayna@windermere.com>
Sent: Friday, July 12, 2013 2:40 PM
To: Bob Deville
Subject: RE: UFDD approval

Since they are already open, I'd have them sign the NCA one for now as a temporary license, with the understanding that in two weeks we'll terminate that and have them sign the SCA license. In the unlikely event that there is ever litigation involving them, it'd be better to have a license agreement in the file, even if it was just a temporary license.

So yes, have them sign the NCA license AND the SCA item 23 receipt, both today. We will prepare the SCA license to be effective fourteen days from today.

Paul S. Drayna, General Counsel
Windermere Services Co.
5424 Sand Point Way NE
Seattle, WA 98105
206.527.3801
pdrayna@windermere.com

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-----Original Message-----

From: Bob Deville [mailto:bdeville@windermeresocal.com]
Sent: Friday, July 12, 2013 2:15 PM
To: Paul Drayna
Subject: RE: UFDD approval

So does this mean they just need to sign ours now?
Will you be sending

Bob Deville
Broker/Owner
Windermere Real Estate Southern California A Division of Bennion & Deville Fine Homes, Inc.

-----Original Message-----

From: Paul Drayna [mailto:pdrayna@windermere.com]
Sent: Friday, July 12, 2013 12:57 PM
To: Bob Deville; Patrick Robinson
Subject: UFDD approval

For your records, attached is the formal approval letter and order which were dated July 5, but did not arrive here until today.

Paul S. Drayna, General Counsel
Windermere Services Co.
5424 Sand Point Way NE
Seattle, WA 98105
206.527.3801
pdrayna@windermere.com

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EXHIBIT R



January 10, 2014

Windermere Services
5424 Sand Point Way NE
Seattle, WA 98105
Attn: Geoff Wood, Jill Wood and OB Jacobi

Geoff, Jill and OB,

We are formally once again requesting immediate assistance addressing the ongoing challenges of the Windermere Watch. This reiterates the issues your Southern California Windermere Owners face on a daily basis. A month does not pass that some of our desert Windermere agents and/or other Southern California Windermere Owners contact us about the ongoing and escalating assault from the Windermere Watch.

Out-of-Pocket Costs

Bennion & Deville continue to incur substantial monthly expenditures with staff devoted to addressing web access and placement. For example, in 2013, Bennion & Deville spent \$64,113 in combating the Windermere Watch. These costs continue on a monthly basis.

Further, Bennion & Deville have been forced to incur legal costs filing suits against Tarbell Real Estate when they copied the entire Windermere Watch site and Fed Ex'd copies to many Windermere Buyers and Sellers. Copies were also circulated throughout the Garner Valley community where Bob Bennion and Bob Deville live and maintain an on-site office.

Required Time Addressing Prospective & Current Client Concerns

In addition to the web presence, the increase in direct, pin-pointed postal mailing has become an increasing challenge. Windermere Owners and Managers are required to devote significant blocks of time running interference with both Buyers and Sellers due to these direct mailings to active listings.

Agent Recruitment

The existence of the Windermere Watch continues to be used against Windermere by competitors undermining prospective agents' desire to affiliate with us. The impact is pretty clear. Whether the Windermere Watch is correct or merely a disgruntled oddball, the question they ask is, why affiliate with a company where you face this type of issue every day, year in and year out? The fact is that Windermere has never effectively addressed this issue.

The ongoing, unresolved existence of the Windermere Watch and unfettered activities suggests a lack of corporate control or responsibility to the agents. Windermere Watch activity continues as a significant impediment beyond the normal, professional challenges a Franchisee experiences.

Vendor Challenges

Similar to prospective clients or recruits, commercial vendors and Lenders take a jaundiced look at Windermere due to the Windermere Watch and what it means about the Windermere name. Again, whether the contents suggest truthful concerns or not, it is irrelevant. The concern is how this impacts Windermere and the Franchisor's ability to meet its obligations to the Franchisee.

Affiliates such as Orange Coast Title and related escrow companies have been associated with Windermere Watch activity, as they too are listed on the website. As a result of this situation, Bennion & Deville have been denied access to joint ventures and other ABA's.

Staffing/Employee Challenges

Experienced staff and employees have been targeted on Windermere Watch. Serious concern about the association with Windermere has created severe problems and in one instance been the catalyst for a valued employee to resign and gain employment with a competitor.

Impact to Bennion & Deville in Seattle Marketplace

Bob Bennion has been required to spend countless hours addressing the Windermere Watch time and again. The practical reality is that he acts as a crusader for the Windermere name explaining away the Windermere Watch to highly affluent clientele who prefer to avoid such negative notoriety. This cloud would not exist if he was not acting under the Windermere umbrella. Certainly, Mr. Bennion has nothing but respect for the Windermere brand and knows better than anyone the diligence and integrity that he displays with each transaction. Nonetheless, the impact to him at the Agent level is just as much of a concern as it is as an owner.

Inescapable Issue – Franchisor's Inability to Protect & to Promote Brand

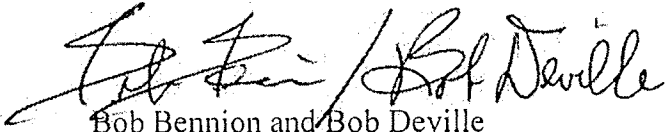
The value of a brand is in part, the perceived goodwill within the community. A Franchisor's role is in part to preserve and to promote the brand name. Regrettably, this is not happening in an effective manner as promised and required. At some point, the reason for Seattle's failure is not as much the issue, as the potential conclusion that Seattle cannot effectively combat and control the Windermere Watch. It comes down to the simple fact that there is a fundamental shortcoming in the brand and the ability for the Franchisor to ensure the integrity and development of the brand.

The long history enjoyed by the Seattle Owners may help to offset some of the negative impact in the immediate surrounding areas. However, this is not the case in the Southern California markets nor with the personal business of Bennion & Deville's elite clientele within the Seattle market. The ongoing adverse impact, inclusive of mounting costs, lost clientele, lost agents and distraction caused through the redirection of countless hours of energy merely increase as we strive to promote and grow throughout Southern California.

Demand for Reimbursement for Costs in Preserving Name Brand

Windermere Southern California hereby requests reimbursement of all costs incurred battling Windermere Watch on behalf of itself and other Windermere Southern California Owners. These costs include the expenditures shared within this letter, as well as supplemental accounting presently being compiled.

Respectfully,

Handwritten signature of Bob Bennion and Bob Deville in cursive script.

Bob Bennion and Bob Deville

Owners

Bennion & Deville Fine Homes, Inc.

EXHIBIT S

From: Bob Deville
Sent: Tuesday, October 28, 2014 9:29 AM
To: pdrayna@windermere.com
Subject: SoCal UFDD

Good morning Paul,

Asked about 4 weeks ago when we would have the new UFDD. I have 2 prospects and need to have for them to sign receipt.

Please advise when we will have the new UFDD.

Thanks.

Bob D

EXHIBIT T

From: Mike Teather <mike.teather@windermere.com>
Sent: Wednesday, October 29, 2014 11:39 AM
To: Bob Deville
Subject: FW: CDAR Sweep

Bob,

I spoke with Paul today regarding the SoCal UFDD, I will make sure that it is out to you by the end of the week. Again, please advise when you are available to discuss the issues below.

Thanks,

Michael J. Teather
WSC

From: Mike Teather
Sent: Monday, October 27, 2014 6:02 PM
To: 'Bob Deville'
Subject: RE: CDAR Sweep

Bob,

I'm sorry that I did not call you today. I thought that I would give you a quick outline of things to discuss on my end so that we can be efficient when we speak.

1. The sweep issue that involves both your and our tech departments is troublesome, but it is also illustrative of a problem we face. In this case your tech department accused ours of incompetence, and our tech department perhaps proved them right. The problem is that the two departments did not "share" the problem in any way shape or form. I also worry that by taking sides and adding to the accusatory language we are contributing to the divide rather than reducing the same. This becomes important as we become more successful selling franchises and need to speak in one positive note regarding technology issues. One big idea may be to combine our tech companies, and put Eric F. in charge of the customer experience and have us pick up his salary? This may well be a stupid idea, but I do think we need to show more unity than division if we are going to grow our network.
2. I have spoken with both John J. and Tuna, and I believe that we can accommodate all of your wishes regarding the foundation, and welcome WSoCal back into the fold and present one foundational face. This type of common purpose and joint activity between our two companies could be a very positive thing.
3. You can update me on your current thinking on where our growth opportunities lie so far as franchising is concerned, and how we might build connections between our affiliate owners and your organization.
4. I need an update on delinquent fees on your end.

Perhaps 20 minutes is enough time. Is there a good time to call you?

Michael J. Teather
WSC

From: Bob Deville [<mailto:bdeville@windermeresocal.com>]
Sent: Wednesday, October 22, 2014 9:58 AM

To: Eric Forsberg
Cc: Mike Teather; Bob Bennion Rover; attny-Robert Sunderland (rsunderland@sunmclaw.com)
Subject: RE: CDAR Sweep

Good Morning Mike
See below

My agents, Brokers and myself are extremely disappointed in the manner in which your Tech Dept. has handled this issue. The Windermere.com technology should have been prepared and knowledgeable to get our listings syndicated. The length of time to correct an issue report over a week ago and still not have it corrected is unacceptable but not surprising. Not only are they inept and do not know what to do, my technology dept. and web designers are doing much of the work at my expense. Seems harder and harder to send tech fees every month when the service and backup is not there.

Bob D

Bob Deville
Broker/Owner
Windermere Real Estate Southern California
A Division of Bennion & Deville Fine Homes, Inc.

From: Eric Forsberg
Sent: Wednesday, October 22, 2014 9:40 AM
To: Bob Deville
Subject: FW: CDAR Sweep

Latest update from Seattle below. I have a meeting with Office Depot at 10.

Eric Forsberg - Director of Technology
Windermere Real Estate Southern California
A Division of Bennion & Deville Fine Homes, Inc.
71703 Highway 111, Suite 1-D
Rancho Mirage, CA 92270
Office: 760-340-0203
Fax: 760-340-3029

From: Cass Herrin <cass.herrin@windermeresolutions.com>
Date: Wednesday, October 22, 2014 at 9:20 AM
To: Eric Forsberg <eforsberg@windermeresocal.com>
Subject: CDAR Sweep

Hey Eric -

I wanted to give you an update on our progress with the CDAR conversion.

As of this morning we have Listings caught up and processing every 15 minutes for both residential and manufactured property types.

We are working on the other property types.

As far as syndication to Zillow, Trulia, etc., residential and manufactured listing should be showing in the 24 – 48 hours.

I will continue to keep your updated.

Thanks,

Cass

Cass Herrin | Director, Data Services

WINDERMERE SOLUTIONS/MOXI WORKS

815 Western Ave. Suite 400

Seattle, WA 98104

☎ OFFICE (206) 508-0180

✉ EMAIL cass.herrin@windermeresolutions.com

EXHIBIT U

From: Mike Teather <mike.teather@windermere.com>
Sent: Friday, October 03, 2014 2:35 PM
To: Bob Bennion; Bob Deville
Subject: Yesterday's meeting

Bob and Bob,

Thank you both for taking the time to write to me and comment on yesterday's meetings. Please allow me to give my thoughts on your emails. You will recall that before the meeting started, I stated that I would behave in the meeting with my franchisor hat on. Wearing that hat I did my best to give our franchisees the feeling that we supported them, that we were in favor of their growing to their hearts content, and that all of us, including Bennion and Deville are their biggest cheerleaders. This approach makes both of you nervous because you worry that I am naïve in my belief in their abilities and loyalty. However, I believe that you should not worry, please note that I also said that before any office is opened by anybody, we (meaning you and I) will first look at the plan for that offices success, the financing for that office, and how that proposed office fits into the greater Windermere network. If we review these things and decide that the new office is a good idea, then we will allow it to open. Just because I was a cheerleader for their ambitions, please do not believe that I am not fully cognizant of their weaknesses and their past history with this brand.

Bob D, your email also points out that I did not offer similar encouragement for B&D to open new offices and this is true. I do, in fact, believe that you own more than enough offices. It is my belief that the future lies in franchising. Franchising is a fabulous business where you get others to take the financial risk required to build on the brand that you have developed, and this is a good thing. The trick, of course is to find people who have staying power, and who can succeed opening offices and running them at a profit. I feel that you have taken enough financial risk on behalf of Windermere, and is time that both of you reap the rewards of other people risks. Let's get good at finding the right people; let's get good at working together to provide services that mentor, motivate, ultimately assist in our owners success; and, I promise you we will all be paid well if we can do this. Again, like I said above, I am not a fool, I know the risks, I know others have failed us, but dammit I also know that working together we can succeed as franchisors. We can also have fun doing it, but we must commit to it.

Bob D, you point out that Seattle was "attacked" for its poor service and that when questioned about Mike Fanning's attempts to visit. Mr. Johnson did not answer. They also complained about not being called enough, not having a voice in Tech issues, and, I'm sure, other things that I have forgotten. I appreciate that people like to vent, and people feeling the pressure of business vent more, but I also know that it is useless to fuss about the past so I don't care if they answer my questions regarding Fanning or whether their complaints are justified or not. Our focus is what we do in the future.

Bob D, during the meeting you stated the Kirk and Paige(?) would be helping in our efforts to facilitate owner meeting, build connections between the offices, and investigate joint advertising. I really like Kirk so I excitedly told him that I thought he could really help with such meetings. I'm sorry if I got ahead of myself.

Bob B, your email offers a similar worry that I was too encouraging of their efforts, please do not confuse encouragement with approval. WSC does, in fact, have final say so regarding where our brand exists, and you two are the best real estate men in all of Windermere, surely between us we can have some fun and grow our network in Southern California without having to buy more offices. If we fail in our joint effort to become successful franchisors then maybe you'll have open more offices, but let's hope it does not come to that.

I think that the Encinitas situation illustrates my point. I agree that it is important to fulfill our obligations to our agents, and those who stayed with us when we closed Solana Beach should be rewarded for their loyalty. However, on the other hand, B&D is two months behind on franchise fees and is staring at the costs of yet another office build out just

30 days away. Not only that, but this new office will both cost money and take agents from an existing Carlsbad office that is yet to pay for itself. Given these facts one could argue, that letting some other person take on this financial burden and risk may not be all bad of an idea. I know that this is an oversimplification, but it demonstrates at least one instance where a successful effort at franchising rather than owning would be a nice option.

My notes on the meeting are as follows:

1. We agree to work together in an attempt to become successful in the franchising business, and we are going to commit to agreeing on any new franchise in the future. This agreement includes disclosing, and all potential Windermere additions.
2. During the process of working together we will look to increase efficiencies where possible. For example, we both maintain both tech and marketing departments and surely we must be able to find a way to combine our efforts at least a little.
3. Bob D will allow Mike T to study the question of whether or not the Windermere Foundation can efficiently meet the agent needs and requests of B&D offices, and if Mike T believes so, then he is to make a proposal regarding how such a system would work. (I am hopeful on this because I know how good it would make John J feel)
4. We agree to share financial information so that we can better understand the problems and challenges that we face.
5. We will commit to the concept of sharing information and working together better than in the past
6. We are going to try to have some fun in the process.

What follows is a preview of what I will send to the Rich J, Brian G, and Fred S. Please comment ASAP so that I can get it out today:

Gentlemen,

Thank you taking the time to meet yesterday, I really enjoyed it and look forward to a successful future. My notes regarding the meeting are as follows:

1. It was agreed that all Windermere owners should will commit to the idea that dialog and interaction between ownership groups on a regular basis will be of benefit to all.
2. We will meet on a quarterly basis to discuss timely issues and strategies. These meetings may include the following:
 - a. How can owners combine advertising efforts to market our brand in a more efficient fashion.
 - b. What recruiting strategies are proving effective
 - c. What are our competitors up to in the region up to
 - d. What new offerings are available from Tech, or marketing.
3. Bob Bennion and Bob Deville offered up Kirk Gregor and Paige Tyley as folks who could help facilitate quarterly meetings.
4. WSC Seattle will commit to being part of these Quarterly meetings.
5. Windermere Homes and Estates were assured that both Windermere Services Southern CA, and WSC Seattle were committed to their growth and vested in the process of assisting.
6. Windermere Homes and Estates was told that an application for a coastal Encinitas office would be well received, but that a final decision cannot precede the formal application.
7. Windermere Homes and Estates was encouraged to investigate how they might be able to acquire the current Carlsbad office.

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It was my feeling that everybody in the room, despite that fact that we have some areas of disagreement, committed to the idea of trying to make the whole of Windermere greater than the sum of the parts, and this is very exciting. It's a big place and we are just getting started. Thanks to all for their honest opinions and willingness to listen.

Bob D. could you please tell me who you would appoint as the point person for coordinating future meetings?

Thanks to all,

MJT

Michael J. Teather
WSC

EXHIBIT V



January 28, 2015

Mr. Joseph R. Deville
Windermere Services Southern California, Inc.
71-691 Highway 111
Rancho Mirage, CA 92270

RE: NOTICE OF TERMINATION

Dear Bob:

This letter constitutes formal notice from Windermere Services Co. that it is exercising its right to terminate your Area Representation Agreement dated May 1, 2004, pursuant to the 180-day notice provision of Paragraph 4.1. Accordingly your rights and responsibilities as Area Representative will terminate on Tuesday, July 28, 2015.

Very truly yours,

WINDERMERE SERVICES CO.

A handwritten signature in black ink, appearing to read "Paul S. Drayna", written over a horizontal line.

Paul S. Drayna, General Counsel
pdrayna@windermere.com