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6 *Attorneys for Plaintiffs Windermere Real Estate Services Company, and*  
*Windermere Services Southern California, Inc.*  
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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
10 COUNTY OF SAN DIEGO  
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12 WINDERMERE REAL ESTATE SERVICES )  
COMPANY, a Washington corporation; and )  
13 WINDERMERE SERVICES SOUTHERN )  
CALIFORNIA, INC., a California corporation; )  
14

15 Plaintiffs;

16 v.

17 LIFESTYLES SERVICES CORP., a California )  
corporation; LIFESTYLES SERVICES )  
18 SOLANA BEACH/RSF CORP., a California )  
corporation; MRJR, Inc., a California )  
corporation; STEPHEN D. RODGERS, an )  
19 individual; MARK LOSCHER, an individual; )  
20 MAUREEN LOSCHER, an individual; JAMES )  
BROWNE, an individual; SILARON )  
21 BROWNE, an individual; LARRY )  
ANDERSON, an individual; BARBARA )  
22 ANDERSON, an individual; ROBERT BEHIC, )  
an individual; ROBIN BEHIC, an individual; )  
and DOES 1 through 50, inclusive, )  
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24 Defendants.  
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Case No. 37-2011-00089709-CU-BC-CTL

COMPLAINT FOR BREACHES OF  
CONTRACT AND DECLARATORY RELIEF

27 Plaintiffs Windermere Real Estate Services Company and Windermere Services Southern  
28 California, Inc. allege as follows:

1 **PARTIES**

2 1. Plaintiff Windermere Real Estate Services Company ("WSC") is a Washington  
3 corporation. WSC owns certain trademarks including the trade names "Windermere" and "Windermere  
4 Real Estate" and associated logo (the "Trademark"); and WSC has developed certain standards,  
5 techniques, methods, specifications, procedures and programs for the operation of a real estate  
6 brokerage business (the "Windermere System"). WSC has the exclusive right to use and license others  
7 to use the Trademark and the Windermere System and other WSC services. WSC is qualified to do  
8 business in California.

9 2. Plaintiff Windermere Services Southern California, Inc. ("Windermere Southern  
10 California") is a California corporation. Windermere Southern California is an "Area Representative"  
11 for WSC. Windermere Southern California and WSC offer licenses to use the Trademark and  
12 Windermere System in San Diego County, California.<sup>1</sup>

13 3. Defendant Lifestyles Services Corp. is a California corporation and a licensee pursuant  
14 to a Franchise License Agreement dated April 17, 2009, and amendments thereto (the "Lifestyles 2009  
15 Franchise Agreement"). A copy of the Lifestyles 2009 Franchise Agreement with its amendments is  
16 attached hereto as Exhibit 1, and incorporated by reference.

17 4. Defendant Lifestyles Services Solana Beach/RSF Corp. is a California corporation and a  
18 licensee pursuant to a Franchise License Agreement dated March 23, 2010 (the "Lifestyles 2010  
19 Franchise Agreement"). A copy of the Lifestyles 2010 Franchise Agreement with its amendments is  
20 attached hereto as Exhibit 2 and incorporated by reference.

21 5. Defendant Stephen D. Rodgers ("Rodgers") is a California resident. Rodgers is the sole  
22 principal of defendant Lifestyles Services Corp. and defendant Lifestyles Services Solana Beach/RSF  
23 Corp. Rodgers is a party to both the Lifestyles 2009 Franchise Agreement and the Lifestyles 2010  
24 Franchise Agreement. Rodgers executed a personal guaranty in connection with the Lifestyles 2009  
25 Franchise Agreement, and is thus a guarantor of the licensee's obligations under this Franchise

26 \_\_\_\_\_  
27 <sup>1</sup> Collectively WSC and Windermere Southern California will be referred to herein as "Windermere" or  
28 simply "plaintiffs."

1 Agreement. A copy of Rodger's personal guaranty is included within Exhibit 1. Rodgers also executed  
2 a personal guaranty in connection with the Lifestyles 2010 Franchise Agreement, and is thus also a  
3 guarantor of the licensee's obligations under this Franchise Agreement. A copy of Rodger's personal  
4 guaranty is included within Exhibit 2.

5 6. Defendant MRJR, Inc. ("MRJR") is a California corporation and a licensee pursuant to a  
6 Windermere Real Estate License Agreement dated April 1, 2001 (the "MRJR Franchise Agreement").  
7 A copy of the MRJR Franchise Agreement with its amendments is attached hereto as Exhibit 3 and  
8 incorporated by reference.

9 7. Defendant Mark Loscher is a California resident. Mark Loscher is a principal of MRJR,  
10 and a guarantor of the licensee's obligations under the MRJR Franchise Agreement.

11 8. Defendant Maureen Loscher is a California resident. Maureen Loscher is a guarantor of  
12 the licensee's obligations under the MRJR Franchise Agreement.

13 9. Defendant James Browne is a California resident. James Browne is a principal of  
14 MRJR, and a guarantor of the licensee's obligations under the MRJR Franchise Agreement.

15 10. Defendant Sharon Browne is a California resident. Sharon Browne is a guarantor of the  
16 licensee's obligations under the MRJR Franchise Agreement.

17 11. Plaintiffs are informed and believe that defendant Larry Anderson is a Montana resident.  
18 Larry Anderson is a principal of MRJR, and a guarantor of the licensee's obligations under the MRJR  
19 Franchise Agreement, and these agreements were entered into within California.

20 12. Plaintiffs are informed and believe that defendant Barbara Anderson is a Montana  
21 resident. Barbara Anderson is a guarantor of the licensee's obligations under the MRJR Franchise  
22 Agreement, and this agreement was entered into within California.

23 13. Plaintiff is informed and believes that defendant Robert Behic is a California resident.  
24 Robert Behic is a principal of MRJR, and a guarantor of the licensee's obligations under the MRJR  
25 Franchise Agreement.

26 14. Plaintiff is informed and believes that defendant Robin Behic is a California resident.  
27 Robin Behic is a guarantor of the licensee's obligations under the MRJR Franchise Agreement.  
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1           15.     As alleged herein, the acts and omissions upon which the claims alleged herein are based  
2 occurred in San Diego County.

3           16.     Plaintiffs are informed and believes and thereon alleges that the defendants sued under  
4 the fictitious names Does 1 through 50 are individuals or entities that have engaged in the acts and  
5 omissions alleged herein and are also responsible for the harm caused (or to be caused) to plaintiffs.  
6 Plaintiffs are unaware of the true names or capacities of these fictitiously named defendants, and will  
7 amend this complaint to include their true names and capacities when they have been ascertained.

8           **THE MRJR FRANCHISE AGREEMENT AND RELATED PROMISSORY NOTES**

9           17.     In or about April 1, 2001, plaintiff WSC entered into the MRJR Franchise Agreement  
10 that is attached hereto as Exhibit 3. The parties entered numerous amendments in connection with the  
11 MRJR Franchise Agreement. Plaintiff Windermere Southern California is a party to the most recent  
12 amendments.

13           18.     Defendants MRJR, Loscher, Browne, Anderson and Behic incurred and now owe  
14 substantial past due franchise fees to Windermere under the MRJR Franchise Agreement. The past due  
15 fees were reduced to two promissory notes in favor of WSC.

16           19.     The first promissory note is dated March 15, 2009, executed by defendant Mark  
17 Loscher, is in the amount of \$892,212.46 (the "March 2009 Promissory Note"). A copy of the March  
18 2009 Promissory Note is attached hereto as Exhibit 4, and is incorporated herein by reference. The  
19 sum of \$810,949.37, plus interest, is past due and owing on this note.

20           20.     Defendants Mark Loscher, Maureen Loscher, James Browne, Sharon Browne, Robert  
21 Behic and Robin Behic executed an "Unconditional Guaranty of Payment" dated March 15, 2009 (the  
22 "March 2009 Guaranty"). These defendants thus personally guaranteed the payment of all amounts  
23 owed under the March 2009 Promissory Note. A copy of the March 2009 Guaranty is attached hereto  
24 as Exhibit 5, and is incorporated herein by reference.

25           21.     Neither defendants MRJR, Mark Loscher nor any of the guarantors have made all  
26 payments due and owing on the March 2009 Promissory Note and are each in default now. The March  
27 2009 Promissory Note contains an acceleration clause. The sum of \$810,949.37 remains due and owing  
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1 under the March 2009 Promissory Note and the March 2009 Guaranty, plus interest which continues to  
2 accrue. The final amount due will be determined at trial.

3 22. The second promissory note dated December 1, 2009, executed by defendant Mark  
4 Loscher, is in the amount of \$96,112.29 (the "December 2009 Promissory Note"). A copy of the  
5 December 2009 Promissory Note is attached hereto as Exhibit 6, and is incorporated herein by  
6 reference. The sum of \$76,547.60, plus interest, is past due and owing on this note.

7 23. Defendants Mark Loscher, Maureen Loscher, James Browne, Sharon Browne, Robert  
8 Behic and Robin Behic also executed an "Unconditional Guaranty of Payment" dated December 1,  
9 2009 (the "December 2009 Guaranty"). These defendants thus personally guaranteed the payment of  
10 all amounts owed under the December 2009 Promissory Note. A copy of the December 2009 Guaranty  
11 is attached hereto as Exhibit 7, and is incorporated herein by reference.

12 24. Neither defendants MRJR, Mark Loscher nor any of the guarantors have made all  
13 payments due and owing on the December 2009 Promissory Note and are each in default now. The  
14 December 2009 Promissory Note contains an acceleration clause. The sum of \$76,547.60 remains due  
15 and owing under the December 2009 Promissory Note and the December 2009 Guaranty, plus interest  
16 which continues to accrue. The final amount due will be determined at trial.

17 25. Since December 2009, defendants MRJR, Mark Loscher, James Browne, Larry  
18 Anderson, and Robert Behic continued to accrue past due franchise fees in the sum of \$171,965.60  
19 under the MRJR Franchise Agreement, which remain unpaid, plus interest which continues to accrue.  
20 Accordingly, these defendants are also in default under the MRJR Franchise Agreement. The final  
21 amount due will be determined at trial.

### 22 **THE LIFESTYLES SERVICES FRANCHISE AGREEMENTS**

23 26. In or about April 17, 2009, defendants Lifestyles Services Corp. and its principal,  
24 defendant Stephen Rodgers entered into the Lifestyles 2009 Franchise Agreement that is attached hereto  
25 as Exhibit 1. As explained above defendant Rodgers personally guaranteed the obligations of the  
26 licensee under the Lifestyles 2009 Franchise Agreement.

27 27. Pursuant to this written agreement (Exhibit 1), monthly reports and fee payments are due  
28 by the fifth of each month and are considered delinquent if received after the 10<sup>th</sup> day of each month.

1 Defendant Rogers failed to make all payments due under the Lifestyles 2009 Franchise Agreement and  
2 is now in default. Defendant Rodgers owes \$35,884.20, and interest continues to accrue on the unpaid  
3 amount.

4 28. In or about March 23, 2010, defendants Lifestyles Services Solana Beach/RSF Corp. and  
5 its principal, defendant Stephen Rodgers entered into the Lifestyles 2010 Franchise Agreement that is  
6 attached hereto as Exhibit 2. As set forth above, defendant Rodgers personally guaranteed the  
7 obligations of the licensee under the Lifestyles 2010 Franchise Agreement.

8 29. Pursuant to this written agreement (Exhibit 2), monthly reports and fee payments are due  
9 by the fifth of each month and are considered delinquent if received after the 10<sup>th</sup> day of each month.  
10 Defendant Rogers failed to make all payments due under the Lifestyles 2010 Franchise Agreement and  
11 is now in default. Defendant Rodgers owes \$14,534.18, and interest continues to accrue on the unpaid  
12 amount.

### 13 FIRST CAUSE OF ACTION

14 (Breach of Contract – March 2009 Promissory Note)

15 (Plaintiff WSC against Defendants MRJR, Mark Loscher, Maureen Loscher, James Browne, Sharon  
16 Browne, Robert Behic, Robin Behic and Docs 1 through 10)

17 30. Plaintiff WSC realleges and incorporates by reference paragraphs 1 through 29 above as  
18 though fully set forth herein.

19 31. As alleged above, on or about March 15, 2009, WSC and defendants MRJR, Mark  
20 Loscher, Maureen Loscher, James Browne, Sharon Browne, Robert Behic and Robin Behic entered  
21 into the March 2009 Promissory Note and March 2009 Guaranty as described above, and attached  
22 hereto as Exhibits 4 and 5 respectively.

23 32. The March 2009 Promissory Note and March 2009 Guaranty constitute valid and  
24 binding written contracts.

25 33. Plaintiff WSC has performed all conditions, covenants, and promises required by the  
26 terms and conditions of these written agreements.

27 34. Defendants' failure to pay all amounts now due and owing on the March 2009  
28 Promissory Note constitutes a breach of this agreement.

1 35. Defendants' breaches of the March 2009 Promissory Note have caused damage to  
2 plaintiff WSC in an amount that will be proven at trial.

3 36. Pursuant to the express terms of the March 2009 Promissory Note and March 2009  
4 Guaranty, plaintiff WSC is entitled to recover its attorneys' fees and costs in connection with this  
5 action.

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7 **SECOND CAUSE OF ACTION**

8 (Breach of Contract – December 2009 Promissory Note)

9 (Plaintiff WSC against Defendants MRJR, Mark Loscher, Maureen Loscher, James Browne, Sharon  
10 Browne, Robert Behic, Robin Behic and Does 11 through 20)

11 37. Plaintiff WSC realleges and incorporates by reference paragraphs 1 through 29 above as  
12 though fully set forth herein.

13 38. As alleged above, on or about December 1, 2009, WSC and defendants MRJR, Mark  
14 Loscher, Maureen Loscher, James Browne, Sharon Browne, Robert Behic and Robin Behic entered  
15 into the December 2009 Promissory Note and December 2009 Guaranty as described above and  
16 attached hereto as Exhibits 6 and 7 respectively.

17 39. The December 2009 Promissory Note and December 2009 Guaranty constitute valid and  
18 binding written contracts.

19 40. Plaintiff WSC has performed all conditions, covenants, and promises required by the  
20 terms and conditions of these written agreements.

21 41. Defendants' failure to pay all amounts now due and owing on the December 2009  
22 Promissory Note constitutes a breach of this agreement.

23 42. Defendants' breaches of the December 2009 Promissory Note and December 2009  
24 Guaranty have caused damage to plaintiff WSC in an amount that will be proven at trial.

25 43. Pursuant to the express terms of the December 2009 Promissory Note and December  
26 2009 Guaranty, plaintiff WSC is entitled to recover its attorneys' fees and costs in connection with this  
27 action.

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1 **THIRD CAUSE OF ACTION**

2 (Breach of Contract - MRJR Franchise Agreement)

3 (Plaintiffs WSC and Windermere Southern California against Defendants MRJR, Mark Loscher,  
4 Maureen Brown, James Browne, Sharon Browne, Larry Anderson, Barbara Anderson, Robert  
5 Behic, Robin Behic, and Does 21 through 30)

6 44. Plaintiffs reallege and incorporate by reference paragraphs 1 through 29 above as though  
7 fully set forth herein.

8 45. As alleged above, on or about April 1, 2001, plaintiffs and defendants MRJR, Mark  
9 Loscher, Maureen Brown, James Browne, Sharon Browne, Larry Anderson, Barbara Anderson, Robert  
10 Behic, and Robin Behic entered into the MRJR Franchise Agreement and personal guaranty of all  
11 licensees' obligations under that agreement, as set forth in Exhibit 3.

12 46. The MRJR agreement is a valid and binding written contract.

13 47. Plaintiffs have performed all conditions required by the terms and conditions of the  
14 MRJR Franchise Agreement.

15 48. Defendants' failure to pay all amounts now due and owing on the MRJR Franchise  
16 Agreement constitutes a breach of this agreement.

17 49. Defendants' breaches of the MRJR Franchise Agreement have caused damage to  
18 plaintiffs in an amount that will be proven at trial.

19 50. Pursuant to the express terms of the MRJR Franchise Agreement, plaintiffs are entitled  
20 to recover their attorneys' fees and costs in connection with this action.

21 **FOURTH CAUSE OF ACTION**

22 (Breach of Contract - Lifestyles 2009 Franchise Agreement)

23 (Plaintiffs WSC and Windermere Southern California against Defendants Lifestyles Services Corp.,  
24 Stephen Rodgers, and Does 31 through 40)

25 51. Plaintiffs reallege and incorporate by reference paragraphs 1 through 29 above as though  
26 fully set forth herein.





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5. For such other and further relief that the Court deems just and proper.

April 15, 2011

**PESTOTNIK + GOLD LLP**



Timothy R. Pestotnik

Russell A. Gold

Russell F. Winslow

*Attorneys for Plaintiffs Windermere Real Estate Services Company, and Windermere Services Southern California, Inc.*

**ORIGINAL**



**FRANCHISE LICENSE AGREEMENT**

|  |   |         |
|--|---|---------|
| 1. Date of this Agreement:   | April 17 <sup>th</sup> , 2009   |         |
| 2. Licensee's Legal Name   | Life Styles Services Corp.  |         |
| 3. Business Name as shown on Real Estate License                                       | Windermere Exclusive Properties                                       |         |
| 4. "Common Name" and Address of Main Office  | Rancho Bernardo<br>16890 Bernardo Center Drive<br>San Diego, CA 92128 |         |
| 5. "Common Name" and Address of Branch Office(s)                                       |   |         |
| 6. Principals of Licensee  | Name  | % Owned |
|  | Stephen D. Rodgers  | 100%    |
|  |   |         |
|  |   |         |
| 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 between WINDERMERE REAL ESTATE SERVICES COMPANY, a Washington corporation ("WSC"); the Licensee identified above ("Licensee"); WINDERMERE SERVICES SOUTHERN CALIFORNIA, INC., a California corporation ("Area Representative"); 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. WSC has granted to the Area Representative the right to offer licenses to use the Trademark in Southern California (the "Region") and to administer the Windermere System in the Region in accordance with this Agreement.
- C. Licensee desires to obtain and benefit from the right to use the Trademark and the Windermere System and the services to be provided by WSC and Area Representative 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, Compliance with Laws, Covenant not to Compete.** 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. 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. Licensee's business shall fully comply with all applicable federal, state and local laws, regulations and ordinances, including all applicable real estate licensing requirements for the state(s) in which Licensee's business operates. During the term of this Agreement neither Licensee, nor any of its Principals, will either 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 the real estate brokerage business.

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

3. **No Exclusive Territory.** 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 and Area Representative reserve 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.

**4. 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.

**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 and Area Representative 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 or Area Representative. Licensee agrees to follow all reasonable directions by WSC or Area Representative 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 or Area Representative. 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 Area Representative to request approval for the new vendor.

Approval of sign and business card vendors may be withheld in the sole discretion of WSC or Area Representative.

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 or Area Representative 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 or Area Representative 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 Area Representative 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. WSC and Area Representative offer two different "structures" for payment of ongoing franchise license fees. Licensee shall pay to Area Representative monthly License Fees in an amount equal to either:

- (i) Five percent (5%) of the gross commissions earned and received by Licensee during the term of this Agreement (gross commissions means all revenue derived from rendering real estate brokerage services, including referral fees, commissions, property management fees, or any other form of compensation however named); OR

- (ii) Desk Fee of two hundred thirty dollars (\$230.00) per licensed sales associate ("agent") per month, provided that Licensee shall pay at the minimum Desk Fees for fifteen (15) agents for each licensed location operated by Licensee. For example, if Licensee has two licensed locations, one with five agents and the second with 50 agents, Licensee would pay monthly Desk Fees for fifteen agents in the first location, and for fifty agents in the second location, or sixty-five agents total. The monthly Desk Fee amount is subject to change with six months advance written notice by WSC.

c. "Ramp up". For each new location, Ongoing Licensee Fees shall be "phased in" over the first nine months that the office is operating under the Windermere name. For purposes of this provision a "new location" means a real estate brokerage office which has never previously operated under the Windermere name. Therefore the discount does not apply if Licensee acquires the stock or assets of another existing Windermere licensee, and assumes operation of an existing Windermere location. The discount applies to Ongoing License Fees only, and not to any of the Additional Fees. The discount applies as follows:

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

d. Election of Fee Structure. Multiple Branches. The initial ongoing fee structure shall be selected by mutual agreement among Licensee, Area Representative and WSC, and indicated on the Fee Schedule attached hereto as Appendix 1. If Licensee has more than one office, then the fee structure to be applied to each office may be selected separately (for instance Branch A may pay fees on the 5% basis, but Branch B pays on the Desk Fee basis). Unless specified otherwise, the fee structure selected on Appendix 1 shall be applied to all branches of Licensee. The fee structure selected for a branch shall apply to all agents in that branch.

e. Changing Election of Fee Structure. Once selected, the ongoing fee structure for a branch cannot be modified except by mutual agreement among Licensee, Area Representative and WSC.

f. 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. If Licensee has elected to pay Ongoing License Fees on the Desk Fee basis for a location, then all Additional Fees that are normally paid on a per-agent basis shall also be subject to a fifteen agent minimum for that location. That is, if an office on the Desk Fee structure has fewer than fifteen agents in any month, then Licensee shall nonetheless pay all per-agent fees as if the office had a minimum of at least fifteen agents.

g. **Fee Reports and Payments - When Due.** License Fees and Additional Fees shall be paid by Licensee on a monthly basis within five (5) days after the close of each calendar month. For example, fees accrued in January are due by February 5. 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 or Area Representative on the grounds of the alleged non-performance or breach of any obligations of WSC or Area Representative under this Agreement or any related agreement.

h. **Late Fees, Interest.** Any fees not paid by the tenth day of the month after they accrue 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. For example if Licensee owed \$5,000 for January, that amount would be due by February 5. If not paid by February 10, the amount of \$5,500 (fees due plus 10% late fee) would begin to accrue interest at the applicable rate from February 10 until paid in full. Payments on past due fees will be applied first to accrued and unpaid interest, and then to the principal (consisting of past due fees plus late fees, combined).

i. **Annual Reporting, and Audits.** For purposes of routine annual audit, 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. In addition, WSC may conduct additional audits of Licensee at any time to confirm compliance with all terms of this Agreement. In connection with such periodic audits, Licensee shall on demand provide WSC with all such reports regarding its gross commissions, income, transaction data, and rosters of employees, agents and assistants 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), statements of income and expense, all prepared in accordance with generally accepted accounting principles. WSC or its designated agents shall have the right to inspect and audit the books and records of Licensee at reasonable times and upon reasonable notice. In the event any audit should disclose that Licensee has underpaid any fees 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 fees, plus interest and penalties as provided herein.

j. **Fees due after Termination or Expiration.** In the event of the expiration or termination of the term of this Agreement, the Area Representative 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 and/or Area Representative 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; consequently, whether or not there is then a breach of this Agreement or other cause or motive for an expiration notice, is irrelevant.

b. WSC may terminate this Agreement if Licensee fails to cure any default under the terms of this Agreement following written notice of said default. Licensee shall have 5 days after notice from WSC or Area Representative to pay any overdue franchise fees or other amounts owing; 15 days after notice from WSC to correct any failure of Licensee to maintain required insurance; and 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, if Licensee is a corporation, limited liability company or other entity, Licensee's principals covenant and agree to cause the entity's formation documents to be amended to change the name of the entity if it contains the word "Windermere." Following expiration or termination, Licensee shall also 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.

#### **10. Non-Transferability - Right of First Refusal.**

a. This license is not transferable without the written consent of WSC and Area Representative, 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 or Area Representative 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 Area Representative or to create any obligation, express or implied, on behalf of WSC or Area Representative.

**12. Indemnification - Insurance.**

a. Licensee agrees to indemnify WSC and Area Representative 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 and Area Representative 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 and/or Area Representative 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.

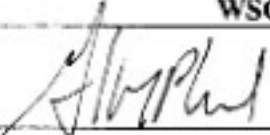
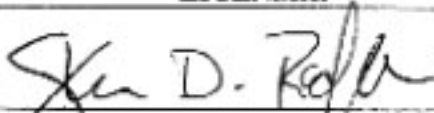
b. Licensee agrees to maintain and keep in force during the term of this Agreement, for the mutual benefit of WSC, Area Representative and the Licensee, all forms of necessary business insurance, with limits of coverage and deductibles acceptable to WSC and Area Representative. Required insurance includes, 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 and Area Representative 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 Area Representative 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.

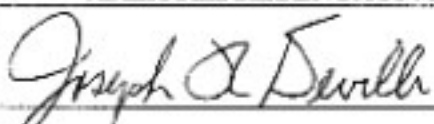
**13. Governing Law, Costs and Attorneys' Fees.** Notwithstanding any principals concerning conflict of laws, this Agreement shall be governed by the laws of the state in which Licensee's primary business location (as shown on the first page of this Agreement, or as subsequently modified by mutual agreement). 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.** 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.

**15. Disclaimer of Representations and Warranties.** WSC and Area Representative expressly disclaim 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 Area Representative 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  | By: Stephen D. Rodgers  |
| Its Chief Executive Officer  | Its President   |
| Date: 5/13/09  | Date: April 17 <sup>th</sup> , 2009   |

| AREA REPRESENTATIVE  |
|--|
|  (sign) |
| By Joseph R. Deville   |
| Its President  |
| Date: 4-17-09  |

**APPENDIX I  
FEES SCHEDULE**

|  |  |
|--|--|
| Date of License Agreement  | April 17 <sup>th</sup> 2009                                      |
| Licensee Name  | Life Style Services Corp.<br>DBA Windermere Exclusive Properties |
| Office Name(s) / Region  | Rancho Bernardo<br>Southern California                           |
| Initial Franchise Fee Amount and Due Date                              | \$25,000, due in full upon signing of this Agreement.            |
| The first month for which Ongoing License and Additional Fees are due: | May 2009   |

**LICENSE FEES:** Licensee shall pay ongoing license fees on the following basis (choose one):

Five percent (5%) of the gross commissions earned and received by Licensee during the term of this Agreement; OR

Desk Fees of two hundred thirty dollars (\$230.00) per agent per month, subject to a fifteen agent minimum per office.

Does the Ramp Up discount apply?  YES  NO Area Rep 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:** \$25.00 per month per licensed agent and agent assistant for basic service; additional fees apply for additional service. (Subject to a fifteen agents per office per month minimum if License Fees are being paid on a Desk Fee basis).
- **Administration Fee:** \$25.00 for each licensed sales associate per month (subject to a fifteen agents per office per month minimum if License Fees are being paid on a Desk Fee basis).
- **Windermere Foundation Suggested Donation:** \$10.00 per transaction side for each closed transaction.

Fees are to be reported and paid by the 5<sup>th</sup> of the month following the month in which they accrue, i.e. fees for June are due by July 5th. Your payments should be payable to **Windermere Services Southern California, Inc.** and sent with your required reports to the following address: Windermere Services Southern California, Inc., 71-691 Highway 111, Rancho Mirage, CA 92270.

|           | INITIALS           | DATE    |
|-----------|--------------------|---------|
| LICENSEE  | <i>[Signature]</i> | 7-19-09 |
| AREA REP. | GRS                | 4-17-09 |
| WSC       | GPW                | 5-13-09 |

**APPENDIX 2  
PERSONAL GUARANTY**

|                           |  |
|---------------------------|--|
| Date of License Agreement | April 17 <sup>th</sup> , 2009                                    |
| Licensee Name             | Life Style Services Corp.<br>dba Windermere Exclusive Properties |

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."

**RECITALS**

Each Guarantor has a financial or other interest in Licensee, will benefit from the granting of the Franchise License Agreement by WSC and Area Representative 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 and Area Representative 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 and Area Representative 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 and Area Representative 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 and Area Representative 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 and Area Representative, 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 Borrower 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 and Area Representative may apply any payments received from any source against any portion of the Guaranteed Obligations in such order and priority as WSC and Area Representative may deem appropriate. No payment received by WSC or Area Representative from any source other than a direct payment made by a Guarantor pursuant to a written demand by WSC and Area Representative 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 and Area Representative 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 and Area Representative that Guarantor is a principal of Licensee or otherwise financially interested in Borrower, 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 and Area Representative to provide and waives any duty on the part of WSC and Area Representative 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, Area Representative 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 and Area Representative do 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:**

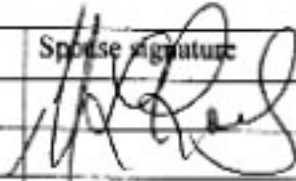
| Sign  | Print Name         | Date    |
|---|--------------------|---------|
|  | Stephen D. Rodgers | 4/17/09 |
|   |                    |         |
|   |                    |         |
|   |                    |         |

### SPOUSAL CONSENT

If any principals of Licensee are married, and their spouses did NOT sign the License Agreement and Personal Guaranty, then have the non-signing spouses 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    |
|--------------------|------------------|--|---------|
| Stephen D. Rodgers | Mary Lou Rodgers |  | 4/17/09 |
|                    |                  |  |         |
|                    |                  |  |         |
|                    |                  |  |         |

**ADDENDUM TO  
WINDERMERE REAL ESTATE LICENSE AGREEMENT  
PERMISSION FOR ADDITION OF BRANCH OFFICE**

|                                    |   |
|------------------------------------|---|
| Date of this Addendum              | August 5, 2009                                |
| Date of Original License Agreement | April 17, 2009                                |
| Licensee                           | Life Styles Services Corp.                    |
| Area Representative                | Windermere Services Southern California, Inc. |

This is an addendum to that certain Windermere Real Estate Franchise License Agreement (the "Original License") entered into as of the date referenced above, by and among Windermere Real Estate Services Company, a Washington corporation ("WSC"); the Area Representative referenced above ("Area Representative"); the Licensee referenced above ("Licensee"); and the individual principals of Licensee identified herein.

**RECITALS**

The Original License provides that Licensee "must receive the approval and permission of WSC to open any additional branch offices or to relocate any office."

Licensee has requested permission to open a new branch office location. In consideration of the mutual promises and covenants set forth herein, WSC hereby grants permission for the opening of the new office on the terms and conditions set forth below.

**AGREEMENT**

1. WSC and Area Representative hereby grant permission for Licensee to open a new branch office as follows:

|                             |   |
|-----------------------------|---|
| New Office "Common Name"    | Rancho Santa Fe - Fairbanks Ranch                           |
| New Address                 | 16236 San Dieguito Road, #3-10<br>Rancho Santa Fe, CA 92067 |
| Date new location will open | August 1, 2009  |
| New phone number            | 858-756-2865  |
| New Fax number              | 858-756-2872  |

2. All terms of the Original License agreement are hereby incorporated by reference, and shall apply to operation of the new branch. Licensee agrees that the branch authorized herein will comply with all applicable state real estate licensing laws.

3. As of the date of this Addendum the individual principals of licensee are as follows:

| NAME          | PERCENTAGE INTEREST |
|---------------|---------------------|
| Steve Rodgers | 100%                |

All principals identified above must sign the attached personal guaranty. Licensee and its principals acknowledge that this provision constitutes material consideration for WSC's consent to the new branch granted herein, and that the effectiveness of this consent is therefore conditioned on the personal signatures below of all individual principals.

4. Except as modified herein, all terms of the Original License agreement remain unchanged and are hereby incorporated by reference. In the event of any conflict between this addendum and any other provisions of the Original License, or prior amendments thereto, this addendum shall supersede and control.

#### EXECUTION

| Name / Title   | Signature   | Date    |
|--|---|---------|
| WSC<br>By Geoffrey P. Wood<br>Its CEO                  |   | 10/5/09 |
| AREA REPRESENTATIVE<br>By Bob Deville<br>Its President |  | 8-1-09  |
| LICENSEE<br>By Steve Rodgers<br>Its President          |  |         |

### FEES SCHEDULE

|  |                                   |
|--|-----------------------------------|
| Date of License Agreement  | April 17, 2009                    |
| Legal Name   | Life Styles Services Corp.        |
| Licensed Name  | Windermere Exclusive Properties   |
| Common Name  | Rancho Santa Fe - Fairbanks Ranch |
| The first month for which Ongoing License and Additional Fees are due: | August 2009                       |
| Initial Fee  | NA                                |

**ONGOING LICENSE FEES:** Licensee shall pay ongoing license fees on the following basis:

Five percent (5%) of the gross commissions earned and received by Licensee during the term of this Agreement; OR

Desk Fees of two hundred thirty dollars (\$230.00) per agent per month, subject to a fifteen agent minimum per office,

Subject to "ramp up discount."

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

Fees are to be reported and paid by the 15<sup>th</sup> 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 Southern California, Inc.

|          | INITIALS           | DATE    |
|----------|--------------------|---------|
| LICENSEE | <i>[Signature]</i> |         |
| AREA REP | <i>[Signature]</i> | 8-1-09  |
| WSC      | <i>[Signature]</i> | 10/5/09 |

**ADDENDUM TO  
WINDERMERE REAL ESTATE  
FRANCHISE LICENSE AGREEMENT**

|                                    |   |
|------------------------------------|---|
| Date of this Addendum              | September 23, 2010                                  |
| Date of Original License Agreement | April 17, 2009                                      |
| Licensee                           | Lifestyles Services Corp., a California corporation |

This is an addendum to that certain Windermere Real Estate Franchise License Agreement (the "Original License") entered into as of the date referenced above, by and among Windermere Real Estate Services Company, a Washington corporation ("WSC"); Windermere Services Southern California, Inc., a California corporation ("Area Representative"); and the Licensee referenced above ("Licensee").

**RECITALS**

The Original License granted Licensee the right to operate a real estate brokerage business using the Windermere Trademarks and Windermere System.

Licensee has requested certain modifications to its franchise license and other fees, and the parties have reached agreement on the requested modifications.

Therefore the parties now agree as follows.

**AGREEMENT**

1. Paragraph 7 of the Original License, as previously amended, is hereby deleted in its entirety and replaced with the following:

**5. Fees.**

- a. Initial Fee. N/A – already paid.
- b. Ongoing License Fees. WSC and Area Representative offer two different structures for payment of ongoing franchise 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 either:
  - i. Five percent (5%) of the gross commissions earned and received by Licensee during the term of this Agreement, "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 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 Area Representative of what accounting period it will be using for purposes of calculating capped fees. The fee "cap" is subject to cancellation or change by WSC at any time by written notice. OR

ii. A "desk fee" of two hundred thirty dollars (\$230.00) multiplied by the maximum number of sales agents licensed to Licensee at any time during the month, subject to a minimum of fifteen agents.

c. Election of Fee Structure. Retroactive to January 1, 2010, and effective through December 31, 2010, Licensee shall be permitted to elect to pay ongoing franchise fees either on the "5% capped" basis set forth above, or on the desk fee basis. This election may be made by each office monthly on a "look back" basis (meaning that the fee election shall be made at the time fees are reported for each month, based on which fee structure would be better for that month). Each office may elect a different fee structure, but the structure elected by that office for a given month shall apply to all agents in that office without exception. This election shall end with fees due for December 2010 which are due January 15, 2011. On or before January 15, 2011, Licensee shall inform WSC and Area Representative of what fee structure shall apply to each of Licensee's offices effective January 1, 2011, and the fee structure so elected will then remain in effect a minimum of twelve months, and may not be changed thereafter except by mutual agreement of all parties.

d. 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.

e. Fee Reports and Payments - When Due. License Fees and Additional Fees shall be paid by Licensee to Area Representative on a monthly basis within five (5) days after the close of each calendar month. For example, fees accrued in January are due by February 5. Along with its monthly fee payments, Licensee shall submit a fee calculation report in the form and manner specified by WSC and Area Representative from time to time. Licensee will acquire, at Licensee's sole expense, any computer hardware and software required for submission of required reports to Area Representative, and shall upgrade such hardware and software as needed from time to time to comply with WSC and Area Representative 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 or Area Representative on the grounds of the alleged non-performance or breach

of any obligations of WSC or Area Representative under this Agreement or any related agreement.

f. **Late Fees, Interest.** Any fees not paid by the tenth day of the month after they accrue 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. For example if Licensee owed \$5,000 for January, that amount would be due by February 5. If not paid by February 10, the amount of \$5,500 (fees due plus 10% late fee) would begin to accrue interest at the applicable rate from February 10 until paid in full. Payments on past due fees will be applied first to accrued and unpaid interest, and then to the principal (consisting of past due fees plus late fees, combined).

g. **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 and Area Representative 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 or Area Representative 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, Area Representative or their 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 reasonably requested, 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 and/or Area Representative the fees, costs and expenses incurred in connection with the audit, along with the delinquent amounts owing, plus interest and penalties as provided herein.

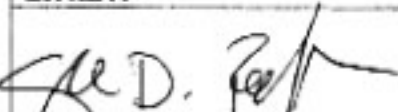

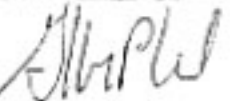
h. **Fees due after Termination or Expiration.** In the event of the expiration or termination of the term of this Agreement, WSC and Area Representative shall be entitled to receive Ongoing License Fees with respect to all listings and pending sales as of the date of expiration or termination. All such 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 monthly reports to Area Representative, and shall continue to be subject to audit of 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.

2. This agreement supersedes all prior agreements regarding Licensee's fee structures, or fee discounts.

3. Except as modified herein, all terms of the Original License agreement remain unchanged and are hereby incorporated by reference. In the event of any conflict between this addendum and any other provisions of the Original License, or prior amendments thereto, this addendum shall supersede and control.

**EXECUTION**

| Licensee   | Area Representative  | WSC   |
|--|--|---|
|  |  |  |
| By Stephen D. Rodgers  | By Joseph R. Deville   | By Geoffrey P. Wood   |
| President  | President  | Chief Executive Officer   |
| Date: 10-14-2010   | Date:  | Date: 11/12/2010  |

### FEES SCHEDULE

|  |  |
|--|--|
| Date of this Addendum  | July 2, 2010   |
| Licensed Name  | Life Styles Services Corp.                           |
| Office Name(s)   | Rancho Bernardo<br>Rancho Santa Fe - Fairbanks Ranch |
| The first month for which Ongoing License and Additional Fees are due: | January 2010   |

#### ONGOING LICENSE FEES:

**January - December 2010:** Five percent (5%) of all gross commissions earned and received per month, with a cap of \$75,000; OR \$230/agent/month (subject to 15 agent minimum); to be elected retroactively by each office on a monthly basis.

**Effective January 2011:** Five percent (5%) of all gross commissions earned and received per month, with a cap of \$75,000; OR \$230/agent/month (subject to 15 agent minimum); to be elected by each office no later than January 15, 2011, and the fee structure elected shall remain in effect for a minimum of twelve months.

#### ADDITIONAL FEES:

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

Fees are to be reported and paid by the 5<sup>th</sup> of the month following the month in which they accrue, i.e. fees for January are due by February 5th. Remit payment along with required monthly reports to Windermere Services Southern California, Inc., 71-691 Highway 111, Rancho Mirage, CA 92270.

|                     | INITIALS   | DATE       |
|---------------------|------------|------------|
| LICENSEE            | <i>JK</i>  | 10-14-2010 |
| AREA REPRESENTATIVE | <i>JRS</i> |            |
| WSC                 | G PW       | 11/16/2010 |





**FRANCHISE LICENSE AGREEMENT**

|  |   |         |
|--|---|---------|
| 1. Date of this Agreement  | March 23, 2010                              |         |
| 2. Licensee's Legal Name   | Life Styles Services Solana Beach/RSF Corp. |         |
| 3. Business Name as shown on Real Estate License                                       | Windermere Exclusive Properties             |         |
| 4. "Common Name" and Address of Main Office  | Solana Beach                                |         |
| 5. "Common Name" and Address of Branch Office(s)                                       | NA  |         |
| 6. Principals of Licensee  | Name  | % Owned |
|  | Stephen D. Rodgers                          | 100%    |
| 7. Projected Date that Licensee will commence doing business under the Windermere name | June 2010                                   |         |

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"); Windermere Services Southern California, Inc. ("Area Representative"); 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. WSC has granted to the Area Representative the right to offer licenses to use the Trademark in Southern California (the "Region") and to administer the Windermere System in the Region in accordance with this Agreement.

C. Licensee desires to obtain and benefit from the right to use the Trademark and the Windermere System and the services to be provided by WSC and Area Representative 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. 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, will either 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 the 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 Area Representative and WSC in their sole discretion. If no initial location is specified on the first page of this Agreement at the time it is executed, WSC and Area Representative 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 and Area Representative, which may be withheld in their sole 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 and Area Representative reserve 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 and Area Representative 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 or Area Representative. Licensee agrees to follow all reasonable directions by WSC or Area Representative 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 or Area Representative. 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 Area Representative to request approval for the new vendor. Approval of sign and business card vendors may be withheld in the sole discretion of WSC or Area Representative.

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 or Area Representative 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 or Area Representative 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 Area Representative 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.** WSC and Area Representative offer two different structures for payment of ongoing franchise license fees. Licensee shall pay to Area Representative monthly License Fees in an amount equal to either:

1. Five percent (5%) of the gross commissions earned and received by Licensee during the term of this Agreement (gross commissions means all revenue derived from rendering real estate brokerage services, including referral fees, commissions, property management fees, or any other form of compensation however named), OR
2. Desk fee of two hundred thirty dollars (\$230.00) per licensed sales associate ("agent") per month, provided that Licensee shall pay at the minimum Desk Fees for fifteen (15) agents for each licensed location operated by Licensee. For example, if Licensee has two licensed locations, one with five agents and the second with 50 agents, Licensee would pay monthly Desk Fees for fifteen agents in the first location, and for fifty agents in the second location, or sixty-five agents total. The monthly Desk Fee amount is subject to change with six months advance written notice by WSC.

c. **Election of Fee Structure - Multiple Branches.** The initial ongoing fee structure shall be selected by mutual agreement among Licensee, Area Representative and WSC, and indicated on the Fee Schedule attached hereto as Appendix 1. If Licensee has more than one office, then the fee structure to be applied to each office may be selected separately (for instance Branch A may pay fees on the 5% basis, but Branch B pays on the Desk Fee basis). Unless specified otherwise, the fee structure selected on Appendix 1 shall be applied to all branches of Licensee. The fee structure selected for a branch shall apply to all agents in that branch.

d. **Changing Election of Fee Structure.** Once selected, the ongoing fee structure for a branch cannot be modified except by mutual agreement among Licensee, Area Representative and WSC.

e. **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. If Licensee has elected to pay Ongoing License Fees on the Desk Fee basis for a location, then all Additional Fees that are normally paid on a per-agent basis shall also be subject to a fifteen agent minimum for that location. That is, if an office on the Desk Fee structure has fewer than fifteen agents in any month, then Licensee shall nonetheless pay all per-agent fees as if the office had a minimum of at least fifteen agents.

f. **Fee Reports and Payments - When Due.** License Fees and Additional Fees shall be paid by Licensee on a monthly basis within five (5) days after the close of each calendar month. For example, fees accrued in January are due by February 5. 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 or Area Representative on the grounds of the alleged non-performance or breach of any obligations of WSC or Area Representative under this Agreement or any related agreement.

g. **Late Fees, Interest.** Any fees not paid by the tenth day of the month after they accrue 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. For example if Licensee owed \$5,000 for January; that amount would be due by February 5. If not paid by February 10, the amount of \$5,500 (fees due plus 10% late fee) would begin to accrue interest at the applicable rate from February 10 until paid in full. Payments on past due fees will be applied first to accrued and unpaid interest, and then to the principal (consisting of past due fees plus late fees, combined).

h. **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.

i. **Fees due after Termination or Expiration.** In the event of the expiration or termination of the term of this Agreement, the Area Representative 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 or 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 and/or Area Representative 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; consequently, whether or not there is then a breach of this Agreement or other cause or motive for an expiration notice, is irrelevant.

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 or Area Representative 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, if Licensee is a corporation, limited liability company or other entity, Licensee's principals covenant and agree to cause the entity's formation documents to be amended to change the name of the entity if it contains the word "Windermere." Following expiration or termination, Licensee shall also 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.

#### 10. Non-Transferability - Right of First Refusal

a. This license is not transferable without the written consent of WSC and Area Representative, 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.

**II. Relationship of Parties.** Licensee is not and shall not hold itself out as a legal representative, employee, joint venturer, partner or agent of WSC or Area Representative 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 Area Representative or to create any obligation, express or implied, on behalf of WSC or Area Representative.

## 12. Indemnification - Insurance.

a. Licensee agrees to indemnify WSC and Area Representative 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 and Area Representative 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 and/or Area Representative 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.


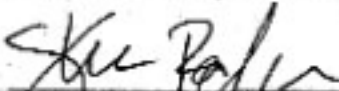
b. Licensee agrees to maintain and keep in force during the term of this Agreement, for the mutual benefit of WSC, Area Representative and the Licensee, all forms of necessary business insurance, with limits of coverage and deductibles acceptable to WSC and Area Representative. Required insurance includes, 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 and Area Representative 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 Area Representative 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.

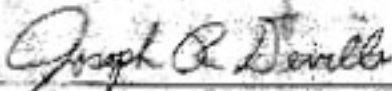
13. **Governing Law, Costs and Attorneys' Fees.** Notwithstanding any principals concerning conflict of laws, this Agreement shall be governed by the laws of the state in which Licensee's primary business location (as shown on the first page of this Agreement, or as subsequently modified by mutual agreement). 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.** 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.

**15. Disclaimer of Representations and Warranties.** WSC and Area Representative expressly disclaim 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 Area Representative 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  | By Stephen D. Rodgers   |
| Its Chief Executive Officer  | Its President   |
| Date: 8/12/10  | Date: 7-1-2010  |

| AREA REPRESENTATIVE  |
|--|
|  (sign) |
| By Joseph R. Deville   |
| Its President  |
| Date: 7-8-2010   |

**APPENDIX I  
FEES SCHEDULE**

|  |   |
|--|---|
| Date of License Agreement  | March 23, 2010  |
| Licensee's Legal Name  | Life Styles Service Solana Beach/RSF Corp.            |
| Licensed Name(s) (if different)  | Windermere Exclusive Properties                       |
| Office Name(s)/Region  | Solana Beach / Southern California                    |
| Initial Franchise Fee Amount and Due Date                              | \$25,000, due in full upon signing of this Agreement. |
| The first month for which Ongoing License and Additional Fees are due: | June 2010   |

**LICENSE FEES:** Licensee shall pay ongoing license fees on the following basis (choose one):

Five percent (5%) of the gross commissions earned and received by Licensee during the term of this Agreement; OR

Desk Fees of two hundred thirty dollars (\$230.00) per agent per month, subject to a fifteen agent minimum per office.

Ramp Up discount?  YES  NO Area Rep Initials GRD

| 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:** \$30.00 per month per licensed agent and agent assistant for basic service; additional fees apply for additional service. (Subject to a fifteen agents per office per month minimum if License Fees are being paid on a Desk Fee basis).
- **Marketing Fee:** \$25.00 for each licensed sales associate per month (subject to a fifteen agents per office per month minimum if License Fees are being paid on a Desk Fee basis).
- **Windermere Foundation Suggested Donation:** \$10.00 per transaction side for each closed transaction.

Fees are to be reported and paid by the 5<sup>th</sup> of the month following the month in which they accrue, i.e. fees for January are due by February 5<sup>th</sup>. Your payments should be payable to Windermere Services Southern California, Inc. and sent with your required reports to 71,691 Highway 101, Rancho Mirage, CA 92270.

|           | INITIALS           | DATE            |
|-----------|--------------------|-----------------|
| LICENSEE  | <u>[Signature]</u> | <u>7-1-2010</u> |
| AREA REP. | <u>GRD</u>         | <u>7-8-2010</u> |
| WSC       | <u>[Signature]</u> | <u>8/12/10</u>  |

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, if Licensee is a corporation, limited liability company or other entity, Licensee's principals covenant and agree to cause the entity's formation documents to be amended to change the name of the entity if it contains the word "Windermere." Following expiration or termination, Licensee shall also 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.

**10. Non-Transferability - Right of First Refusal.**

a. This license is not transferable without the written consent of WSC and Area Representative, 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 or Area Representative 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 Area Representative or to create any obligation, express or implied, on behalf of WSC or Area Representative.

## 12. Indemnification - Insurance.

a. Licensee agrees to indemnify WSC and Area Representative 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 and Area Representative 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 and/or Area Representative 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.


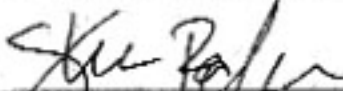
b. Licensee agrees to maintain and keep in force during the term of this Agreement, for the mutual benefit of WSC, Area Representative and the Licensee, all forms of necessary business insurance, with limits of coverage and deductibles acceptable to WSC and Area Representative. Required insurance includes, 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 and Area Representative 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 Area Representative 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.

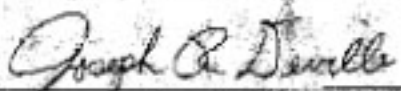
13. **Governing Law, Costs and Attorneys' Fees.** Notwithstanding any principals concerning conflict of laws, this Agreement shall be governed by the laws of the state in which Licensee's primary business location (as shown on the first page of this Agreement, or as subsequently modified by mutual agreement). 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.** 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.

**15. Disclaimer of Representations and Warranties.** WSC and Area Representative expressly disclaim 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 Area Representative 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  | By: Stephen D. Rodgers  |
| Its Chief Executive Officer  | Its: President  |
| Date: 8/12/10  | Date: 7-1-2010  |

| AREA REPRESENTATIVE  |
|--|
|  (sign) |
| By Joseph R. Deville   |
| Its President  |
| Date: 7-8-2010   |

**APPENDIX 1  
FEES SCHEDULE**

|  |   |
|--|---|
| Date of License Agreement  | March 23, 2010  |
| Licensee's Legal Name  | Life Styles Services Solana Beach/RSF Corp.           |
| Licensed Name (if different)   | Windermere Exclusive Properties                       |
| Office Name(s)/Region  | Solana Beach / Southern California                    |
| Initial Franchise Fee Amount and Due Date                              | \$25,000, due in full upon signing of this Agreement. |
| The first month for which Ongoing License and Additional Fees are due: | June 2010   |

**LICENSE FEES:** Licensee shall pay ongoing license fees on the following basis (choose one):

Five percent (5%) of the gross commissions earned and received by Licensee during the term of this Agreement; OR

Desk Fees of two hundred thirty dollars (\$230.00) per agent per month, subject to a fifteen agent minimum per office.

Ramp Up discount?  YES  NO Area Rep Initials: GRS

| 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:** \$10.00 per month per licensed agent and agent assistant for basic service; additional fees apply for additional service. (Subject to a fifteen agents per office per month minimum if License Fees are being paid on a Desk Fee basis).
- **Marketing Fee:** \$25.00 for each licensed sales associate per month (subject to a fifteen agents per office per month minimum if License Fees are being paid on a Desk Fee basis).
- **Windermere Foundation Suggested Donation:** \$10.00 per transaction side for each closed transaction.

Fees are to be reported and paid by the 5<sup>th</sup> of the month following the month in which they accrue, i.e. fees for January are due by February 5th. Your payments should be payable to Windermere Services Southern California, Inc. and sent with your required reports to 71691 Highway 111, Rancho Mirage, CA 92270.

|           | INITIALS   | DATE            |
|-----------|------------|-----------------|
| LICENSEE  | <u>GRS</u> | <u>7-1-2010</u> |
| AREA REP. | <u>GRS</u> | <u>7-8-2010</u> |
| WSG       | <u>GRW</u> | <u>8/12/10</u>  |

**APPENDIX 2  
PERSONAL GUARANTY**

|                           |   |
|---------------------------|---|
| Date of License Agreement | March 23, 2010                              |
| Licensee Name             | Life Styles Services Solana Beach/RSP Corp. |

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 and Area Representative 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 and Area Representative 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 and Area Representative 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 and Area Representative 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 and Area Representative 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 and Area Representative, 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 and Area Representative may apply any payments received from any source against any portion of the Guaranteed Obligations in such order and priority as WSC and Area Representative may deem appropriate. No payment received by WSC or Area Representative from any source other than a direct payment made by a Guarantor pursuant to a written demand by WSC and Area Representative 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 and Area Representative 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 and Area Representative 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 and Area Representative to provide and waives any duty on the part of WSC and Area Representative 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.

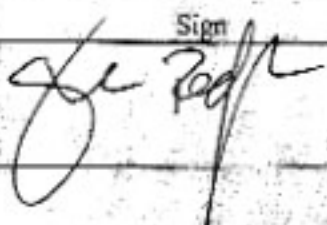
(b) The obligations and liabilities of Guarantor hereunder shall not be limited in any manner by any nonrecourse or other provisions in the instruments and agreements giving rise to the Guaranteed Obligations which may limit the liability or obligations of Licensee with respect to the Guaranteed Obligations.

(c) This agreement constitutes the entire agreement between WSC, Area Representative 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 and Area Representative do 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:**

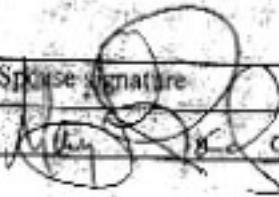
| Sign  | Print Name and Home Address | Date     |
|---|-----------------------------|----------|
|  | Stephen D. Rodgers          | 7-1-2010 |

### 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     |
|--------------------|------------------|--|----------|
| Stephen D. Rodgers | Mary Lou Rodgers |  | 07/29/09 |

**ADDENDUM TO  
WINDERMERE REAL ESTATE  
FRANCHISE LICENSE AGREEMENT**

|                                    |  |
|------------------------------------|--|
| Date of this Addendum              | September 23, 2010   |
| Date of Original License Agreement | March 23, 2010   |
| Licensee                           | Lifestyles Services Solana Beach/RSF Corp., a California corporation |

This is an addendum to that certain Windermere Real Estate Franchise License Agreement (the "Original License") entered into as of the date referenced above, by and among Windermere Real Estate Services Company, a Washington corporation ("WSC"); Windermere Services Southern California, Inc., a California corporation ("Area Representative"); and the Licensee referenced above ("Licensee").

**RECITALS**

The Original License granted Licensee the right to operate a real estate brokerage business using the Windermere Trademarks and Windermere System.

Licensee has requested certain modifications to its franchise license and other fees, and the parties have reached agreement on the requested modifications.

Therefore the parties now agree as follows.

**AGREEMENT**

1. Paragraph 7 of the Original License, as previously amended, is hereby deleted in its entirety and replaced with the following:

**5. Fees.**

a. Initial Fee. N/A – already paid.

b. Ongoing License Fees. WSC and Area Representative offer two different structures for payment of ongoing franchise 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 either:

i. Five percent (5%) of the gross commissions earned and received by Licensee during the term of this Agreement, "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 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 Area Representative of what accounting period it will be using for purposes of calculating capped fees. The fee "cap" is subject to cancellation or change by WSC at any time by written notice. OR

ii. A "desk fee" of two hundred thirty dollars (\$230.00) multiplied by the maximum number of sales agents licensed to Licensee at any time during the month, subject to a minimum of fifteen agents.

c. Election of Fee Structure. Retroactive to January 1, 2010, and effective through December 31, 2010, Licensee shall be permitted to elect to pay ongoing franchise fees either on the "5% capped" basis set forth above, or on the desk fee basis. This election may be made by each office monthly on a "look back" basis (meaning that the fee election shall be made at the time fees are reported for each month, based on which fee structure would be better for that month). Each office may elect a different fee structure, but the structure elected by that office for a given month shall apply to all agents in that office without exception. This election shall end with fees due for December 2010 which are due January 15, 2011. On or before January 15, 2011, Licensee shall inform WSC and Area Representative of what fee structure shall apply to each of Licensee's offices effective January 1, 2011, and the fee structure so elected will then remain in effect a minimum of twelve months, and may not be changed thereafter except by mutual agreement of all parties.

d. 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.

e. Fee Reports and Payments - When Due. License Fees and Additional Fees shall be paid by Licensee to Area Representative on a monthly basis within five (5) days after the close of each calendar month. For example, fees accrued in January are due by February 5. Along with its monthly fee payments, Licensee shall submit a fee calculation report in the form and manner specified by WSC and Area Representative from time to time. Licensee will acquire, at Licensee's sole expense, any computer hardware and software required for submission of required reports to Area Representative, and shall upgrade such hardware and software as needed from time to time to comply with WSC and Area Representative 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 or Area Representative on the grounds of the alleged non-performance or breach

of any obligations of WSC or Area Representative under this Agreement or any related agreement.

f. **Late Fees, Interest.** Any fees not paid by the tenth day of the month after they accrue 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. For example if Licensee owed \$5,000 for January, that amount would be due by February 5. If not paid by February 10, the amount of \$5,500 (fees due plus 10% late fee) would begin to accrue interest at the applicable rate from February 10 until paid in full. Payments on past due fees will be applied first to accrued and unpaid interest, and then to the principal (consisting of past due fees plus late fees, combined).

g. **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 and Area Representative 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 or Area Representative 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, Area Representative or their 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 reasonably requested, 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 and/or Area Representative the fees, costs and expenses incurred in connection with the audit, along with the delinquent amounts owing, plus interest and penalties as provided herein.

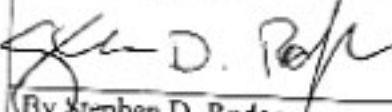

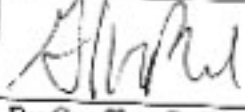
h. **Fees due after Termination or Expiration.** In the event of the expiration or termination of the term of this Agreement, WSC and Area Representative shall be entitled to receive Ongoing License Fees with respect to all listings and pending sales as of the date of expiration or termination. All such 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-rata 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 monthly reports to Area Representative, and shall continue to be subject to audit of 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.

2. This agreement supersedes all prior agreements regarding Licensee's fee structures, or fee discounts.

3. Except as modified herein, all terms of the Original License agreement remain unchanged and are hereby incorporated by reference. In the event of any conflict between this addendum and any other provisions of the Original License, or prior amendments thereto, this addendum shall supersede and control.

#### EXECUTION

| Licensee   | Area Representative  | WSC   |
|--|--|---|
|  |  |  |
| By Stephen D. Rodgers  | By Joseph R. Deville   | By Geoffrey P. Wood   |
| President  | President  | Chief Executive Officer   |
| Date: Oct 14 - 2010  | Date:  | Date: 11/14/2010  |

### FEES SCHEDULE

|  |   |
|--|---|
| Date of this Addendum  | July 2, 2010                                |
| Licensed Name  | Life Styles Services Solana Beach/RSF Corp. |
| Office Name(s)   | Solana Beach                                |
| The first month for which Ongoing License and Additional Fees are due: | June 2010                                   |

#### ONGOING LICENSE FEES:

**January – December 2010:** Five percent (5%) of all gross commissions earned and received per month, with a cap of \$75,000; OR \$230/agent/month (subject to 15 agent minimum); to be elected retroactively by each office on a monthly basis.

**Effective January 2011:** Five percent (5%) of all gross commissions earned and received per month, with a cap of \$75,000; OR \$230/agent/month (subject to 15 agent minimum); to be elected by each office no later than January 15, 2011, and the fee structure elected shall remain in effect for a minimum of twelve months.

#### ADDITIONAL FEES:

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

Fees are to be reported and paid by the 5<sup>th</sup> of the month following the month in which they accrue, i.e. fees for January are due by February 5<sup>th</sup>. Remit payment along with required monthly reports to Windermere Services Southern California, Inc., 71-691 Highway 111, Rancho Mirage, CA 92270.

|                     | INITIALS | DATE       |
|---------------------|----------|------------|
| LICENSEE            | SL       | 10-14-10   |
| AREA REPRESENTATIVE | GRD      |            |
| WSC                 | G.P.W.   | 11/16/2010 |



EXHIBIT A

WINDERMERE REAL ESTATE  
LICENSE AGREEMENT

APRIL 1, 2001

THIS AGREEMENT is made and entered into as of ~~March~~, 2000, between WINDERMERE REAL ESTATE SERVICES COMPANY, a Washington corporation ("WSC") and MEJR INC, MARK LICHNER (SC), ("Licensee"), and ROBERT BERK (SR) JAMES BERK (JR) BOB BERK (SR) BOB BERK (JR) (SECRETARY/TREASURER) AND DANIEL DAVID D. BERK (SR) the principals of Licensee.

RECITALS:

A. WSC is the owner of (i) the trade name "Windermere Real Estate", "Windermere", the Windermere Real Estate and related and associated trademarks, service marks and logotypes (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"), and (iii) all goodwill connected with the Trademark and the Windermere System, and WSC has the exclusive right to use and license others to use the Trademark and the Windermere System.

B. WSC has been organized and staffed to provide services to Licensee and other licensees for their mutual benefit so as to enhance the effectiveness, efficiency and profitability of operations of Licensee and other licensees.

C. 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 Offering Circular provided by WSC or to the terms of this Agreement.

D. Licensee desires to obtain and benefit from 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.

IN CONSIDERATION OF THE MUTUAL COVENANTS contained herein and for other good and valuable consideration, the parties agree as set forth below.

1. **Provision of Services.** WSC will provide a variety of services to Licensee for the benefit of Licensee and other licensees, designed to complement the real estate brokerage business activities of Licensee and to enhance its profitability. Except where notified in advance that a specific charge will be assessed to Licensee, all services provided by WSC shall be without additional cost and shall be included in the fee provided for in Section 5.

2. **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 in the conduct of real estate brokerage and sales activities at the following address(es):

255 CALSBAND VILLAGE DR. CARLSBAD CA 92008

(Temporary) 100 So. Escondido Blvd. Escondido, Ca 92025

Licensee must receive the approval and permission of WSC to open any additional branch offices or to relocate any office. 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, and will not, either directly or indirectly, (i) engage in any other competing real estate brokerage activity in this state 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 the real estate brokerage business.

3. **Ownership of Trademark.** WSC expressly reserves the sole and exclusive ownership of the name and any associated trademark, service mark, logotype or trade name using the words "Windermere Real Estate", "Windermere" or any form thereof or variation thereon (the "Trademark") and the Windermere System. Licensee agrees not to use such name or any combination of the words, with or without any other word or words, as part of its corporate name or for the purpose of advertising 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.

4. **Protection of Trademark.** 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 shall 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, and the standardized use of 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 acknowledges that the Trademark and the business reputation and methods employed by WSC are of considerable value, and Licensee agrees to follow all reasonable directions and recommendations made by WSC, so that the operation of Licensee's business will in no way damage the reputation of WSC, or the Trademark. 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.

Licensee must notify WSC of any challenge to Licensee's use of the Trademark. If Licensee becomes subject to a restraint on its use of the Trademark in connection with its real estate brokerage business, WSC has the right and obligation and will defend the suit at its own expense. WSC has 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, 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.

5. **License Fees.** For the services provided by WSC and for the use of the Trademark and Windermere System, Licensee agrees to pay to WSC a non-refundable initial fee in the amount of \$15,000.00 in cash upon signing this Agreement. Thereafter, Licensee agrees to pay to WSC license fees in an amount equal to five percent (5%) of the gross revenues earned and received by Licensee during the term of this Agreement, or, alternatively, depending on the franchise office, in an amount equal to \$200.00 multiplied by the number of sales agents licensed to Licensee at any time during each month. Such fees shall be paid by Licensee on a monthly basis within fifteen (15) days after the close of any calendar month, or at such other convenient intervals as may be mutually agreed to by the parties. License fees not paid within ten days of the date due will be subject to a late fee equal to ten percent (10%) of the delinquent amount. License fees more than twenty days late shall bear interest thereafter at the lower of either the highest lawful rate or eighteen percent (18%) per annum. Licensee agrees to submit such reports regarding its gross commissions as WSC may reasonably request, including complete federal income tax returns, state tax returns or filings, complete annual financial statements submitted

within 90 days of Licensee's year end, and periodic interim period statements of income and expense, all prepared in accordance with generally accepted accounting principles. WSC or its designated agents shall have the right to inspect and audit the books and records of Licensee at reasonable times and upon reasonable notice. In the event any audit should disclose that Licensee has underreported gross commissions by two percent (2%) or more, then Licensee shall promptly pay to WSC the fees, costs and expenses incurred in connection with the audit.

In the event of the expiration or termination of the term of this Agreement, WSC shall be entitled to receive the fee with respect to all listings and sales pending as of the date of 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. 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 pending listings and 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 sales pending as of the date of expiration or termination.

6. **Term and Expiration or Termination.** 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 and a period of six months has elapsed from the date of the notice of expiration. Such notice must be given at least six months 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; consequently, whether or not there is then a breach of this Agreement or other cause or motive for an expiration notice, is irrelevant.

WSC may terminate the term of this Agreement by written notice to Licensee, on account of a material default by Licensee. Licensee shall have 15 days after notice from WSC of the default, to cure any of the following defaults, which the parties agree are material: non-payment of fees, failure to comply with guidelines regarding the proper use of the Trademark, or failure to maintain required insurance. Licensee shall have 30 days after such notice of the default, to cure any other material default.

WSC may terminate the term of this Agreement upon written notice to Licensee and without opportunity to cure, if:

(a) There is a material default by Licensee and Licensee has had two or more prior material defaults under this Agreement, even though Licensee cured those prior defaults;

(b) Licensee is adjudicated bankrupt or insolvent;

(c) Licensee makes an assignment for the benefit of creditors or similar disposition of the assets of Licensee's business;

(d) Licensee abandons Licensee's real estate brokerage business;

(e) Licensee assigns or attempts to transfer or assign the license without the written consent of WSC; or

(f) Licensee is convicted of or pleads guilty or no contest to a charge of violation of any law relating to the regulation of Licensee's real estate brokerage business.

The term of this Agreement shall continue until it expires or it is terminated as provided in this Section.

7. **Discontinuance Upon Termination.** In the event of termination of the term of this Agreement, Licensee shall (upon termination) discontinue all use of the Trademark, the name "Windermere Real Estate", or variations of the name, including the name "Windermere", and use of the Windermere System. Without limiting the generality of the foregoing Licensee and, if Licensee is incorporated or a limited liability company, Licensee's shareholder(s) and director(s) or member(s) and/or manager(s) covenant and agree to cause the Articles of Incorporation or Certificate of Formation of Licensee to be amended to change the name of the entity if it contains the word "Windermere".

8. **Non-Transferability - Right of First Refusal.** This license is not transferable without the written consent of WSC, which consent will not unreasonably be withheld. A change of at least fifty percent (50%) of the ownership of Licensee, if Licensee is a corporation, limited liability company, or a partnership, shall be considered a transfer or assignment for purposes of this provision. This license will terminate unless transferred to an approved transferee within six months of the death or incapacity of an individual Licensee.

In the event of (i) any proposed transfer as described in the preceding paragraph 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 (including transfer of fifty percent or more of the ownership of Licensee) 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.

9. **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 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.

10. **Indemnification - Insurance.** Licensee agrees to indemnify WSC from and against any and all claims made against it 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.

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 deductible provisions acceptable to WSC, including, but not

limited to: Worker's Compensation insurance as required by law, comprehensive general liability insurance in the minimum amount of \$1,000,000, property damage insurance in the minimum amount of \$500,000; and professional liability errors and omissions insurance coverage in the minimum amount of \$250,000 per occurrence. The insurance policies shall name WSC as an additional insured. WSC reserves the right to increase from time to time the minimum required levels of insurance coverage.

11. **Costs and Attorneys' Fees.** 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 appeal therefrom.

12. **Integration and Amendments.** 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.



## ADDENDUM TO LICENSE AGREEMENT

This Addendum to License Agreement (the "Addendum") is to that License Agreement (the "Agreement") between Windermere Real Estate Services Company, a Washington corporation ("Windermere" or "WSC") and MRJR, Inc., a corporation doing business as "Windermere/Exclusive Properties" ("MRJR" or "Licensee"), and Mark Loscher, Robert Behic, James Browne, Robin Behic, and Daniel Adams, the principals of Licensee.

### RECITALS

A. Windermere is a corporation organized for the purpose of licensing and providing support and auxiliary services to real estate brokerage firms licensed to conduct business under the name Windermere.

B. Windermere is in the process of expanding its operations into the state of California. To enhance its recruiting efforts, Windermere will forgive a portion of its license fees as set forth herein.

### AGREEMENT

Therefore, the parties agree as follows:

The initial lump-sum license fee shall remain payable in full. Thereafter, license fees shall be payable as follows:

From May 1, 2001 to June 30, 2001, the license fee shall be 10% of the fee payable under Paragraph 5 of the License Agreement.

From July 1, 2001 to September 30, 2001, the license fee shall be 25% of the fee payable under Paragraph 5 of the License Agreement.

From October 1, 2001 to December 31, 2001, the license fee shall be 50% of the fee payable under Paragraph 5 of the License Agreement.

From January 1, 2002 to March 31, 2002, the license fee shall be 75% of the fee payable under Paragraph 5 of the License Agreement.

From April 1, 2002 and thereafter, the license fee shall be payable in the full amount as provided in Paragraph 5 of the License Agreement.

**Provided**, however, that if Licensee has had a total of \$18,000 in license fees forgiven by WSC prior to April 1, 2002, the full amount of the fee payable under Paragraph 5 of the License Agreement shall be implemented and payable from that point forward and the foregoing schedule shall be disregarded.

C. The parties acknowledge that the modifications to the License Agreement contained in this Addendum have been negotiated by Licensee with the assistance of its legal counsel.

D. The parties acknowledge that the Offering Circular provided to Licensee is deemed to be amended hereby to reflect and be consistent with the modifications set forth in this Addendum.

E. Except as provided herein, all other terms and conditions of the License Agreement shall remain the same.

WSC:

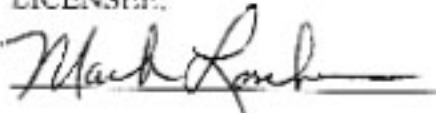
Windermere Real Estate Services Company

By: 

Its: CEO

Date: 12/18/01

LICENSEE:



By: MARK LOXHEE

Its: CHIEF EXECUTIVE OFFICER

Date: 12-14-01

 12-14-01  
Principal of Licensee Date

 12-14-01  
Principal of Licensee Date

 12-14-01  
Principal of Licensee Date

 12-14-01  
Principal of Licensee Date

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Principal of Licensee Date

**ORIGINAL**

**ADDENDUM TO  
WINDERMERE REAL ESTATE LICENSE AGREEMENT  
PERMISSION FOR ADDITION OF BRANCH OFFICE**

THIS ADDENDUM is made and entered into as of April 30, 2004 by and between WINDERMERE REAL ESTATE SERVICES COMPANY, a Washington corporation ("WSC"), and MRJR, Inc., d/b/a Windermere/Exclusive Properties, ("Licensee"), and the individual principals of Licensee identified below.

**RECITALS**

The parties entered into a Windermere Real Estate License Agreement dated April 1, 2001 (the "Original License"), which granted Licensee permission to operate a real estate office using the Windermere Trademark and the Windermere System at the following location(s):

1. 355 Carlsbad Village Drive, Carlsbad, CA 92008
2. 100 South Escondido Blvd., Escondido, CA 92025

The agreement further provided that Licensee "must receive the approval and permission of WSC to open any additional branch offices or to relocate any office."

Licensee subsequently opened a branch office in Solana Beach, CA. Although this location was orally approved by WSC, no written approval was ever given.

Licensee has requested permission to open two new branch office locations. In consideration of the mutual promises and covenants set forth herein, WSC hereby grants permission for the previously opened Solana Beach office, and for the opening of the new office on the terms and conditions set forth below.

**AGREEMENT**

1. Licensee's Original License agreement is hereby amended to allow Licensee to operate two branch offices as follows:

| "Common Name" for office | Solana Beach  | Encinitas  | South Carlsbad   |
|--------------------------|---|--|--|
| Address                  | 514 Via de la Valle #102<br>Solana Beach CA,<br>92075 | 208 N. El Camino Real, Suite B<br>Encinitas, CA<br>92024 | 1905 Calle Barcelona, Suite 203<br>Carlsbad, CA<br>92009 |
| Phone                    | 858-794-5900  | <del>760-274-2280</del>                                  | TBD 760-931-6111   |
| Fax                      | 858-794-5915  | <del>760-622-2416</del>                                  | TBD 760-931-1029   |

2. All terms of the Original License agreement are hereby incorporated by reference and shall apply to operation of the new branches.

3. As of the date hereof, the individual principals of licensee are as follows:

| NAME                  | <i>Approx</i><br>PERCENTAGE INTEREST |
|-----------------------|--------------------------------------|
| Mark & Marilee Looney | 34%                                  |
| Roaring Robin Bette   | 34%                                  |
| Jim and Sharon Brown  | 22%                                  |
| Key employees         | 10%                                  |
|                       |                                      |


This Addendum is conditioned upon its execution by all individual principals named above, in their personal capacities, confirming their agreement to be personally bound by the terms of the license agreement and personally liable for any breach by licensee.

4. This Agreement constitutes the sole agreement between the parties relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written, of any party. Except as modified herein, all other terms of the Original License remain unchanged.


EXECUTION

WSC:

WINDERMERE REAL ESTATE SERVICES  
COMPANY


  
By Geoffrey P. Wood  
Its Chief Executive Officer

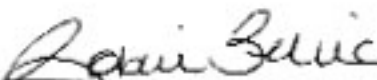
LICENSEE:  
MRJR, INC.

 (signature)  
By Mark Cascher (print name)  
Its President (print title)


PRINCIPALS OF LICENSEE

The following individuals are Shareholders, Partners or Members of Licensee. By signing below, each individual acknowledges that he or she is a party to this Agreement, is personally bound by its terms, and shall be personally responsible for performance of this Agreement by Licensee.

  
Print name: Mark Cascher

  
Print name: ROBIN BEHIC

  
Print name: Robert A. Behic

  
Print name: Jim Browne

ADDENDUM TO LICENSE AGREEMENT  
Page 4 of 4

Print name: \_\_\_\_\_

Print name: \_\_\_\_\_

### AFFILIATE FEE SCHEDULE

**Licensed Designation:** Windermere /Exclusive Properties  
**Name of Office(s):** Encinitas  
**Office Opening Date:** April 1, 2004


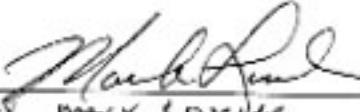
The first month for which fees are due is **April 2004**. Fees are to be reported and paid by the 15<sup>th</sup> of the month following the month in which they accrue, i.e. fees for April are due by May 15th.

- **Technology Fee:** \$10 per month per licensed agent and agent assistant
- **License Fee:** Five percent (5%) of gross revenues, as defined in the License Agreement, with a "phase-in" discount as follows: 90% discount for the first two months, 75% for months three and four; 50% for months five and six; 25% for months seven and eight. Discount terminates and full License Fees are due beginning in the ninth month.
- **Administrative Fee:** \$25 per agent per month
- **Windermere Foundation Fee:** \$7.50 per transaction side for each closed transaction

*Please note: the Transition Discount applies to monthly license fee only and declines over an 8 month period.*

Your payments should be payable to **Windermere Services Southern California, Inc.** and sent with your accounting information to the following address:

Windermere Services Southern California, Inc.  
 Attn: Rachel Griffith  
 850 North Palm Canyon Drive  
 Palm Springs, CA 92262

| WINDERMERE REAL ESTATE SERVICES   | MRJR, Inc.   |
|---|--|
|  |  |
| By Geoffrey D. Wood   | By Mark Casper (print name)  |
| Chief Executive Officer   | Its President (print title)  |
| Date:   | Date: 5-5-04   |

### AFFILIATE FEE SCHEDULE

Licensed Designation: Windermere /Exclusive Properties

Name of Office(s): South Carlsbad

Office Opening Date: SEPT. 1, 2004

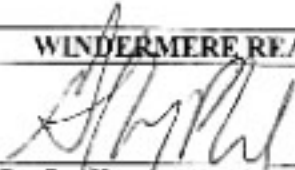
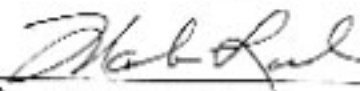
The first month for which fees are due is ~~SEP~~, 2004. Fees are to be reported and paid by the 15<sup>th</sup> of the month following the month in which they accrue, i.e. fees for ~~SEP~~ are due by ~~OCT~~ 15th.

- **Technology Fee:** \$10 per month per licensed agent and agent assistant
- **License Fee:** Five percent (5%) of gross revenues, as defined in the License Agreement, with a "phase-in" discount as follows: 90% discount for the first two months, 75% for months three and four; 50% for months five and six; 25% for months seven and eight. Discount terminates and full License Fees are due beginning in the ninth month.
- **Administrative Fee:** \$25 per agent per month
- **Windermere Foundation Fee:** \$7.50 per transaction side for each closed transaction

*Please note: the Transition Discount applies to monthly license fee only and declines over an 8 month period.*

Your payments should be payable to **Windermere Services Southern California, Inc.** and sent with your accounting information to the following address:

Windermere Services Southern California, Inc.  
Attn: Rachel Griffith  
850 North Palm Canyon Drive  
Palm Springs, CA 92262

| WINDERMERE REAL ESTATE SERVICES   | MRJR, Inc.   |
|---|--|
|  |  |
| By Geoffrey P. Wood   | By MARK LOSCHKE (print name)   |
| Chief Executive Officer   | Its PRESIDENT (print title)  |
| Date:   | Date: 5-5-04   |



ADDENDUM TO  
WINDERMERE REAL ESTATE LICENSE AGREEMENT  
PERMISSION FOR ADDITION OF BRANCH OFFICE

THIS ADDENDUM is made and entered into as of June 1st, 2005 by and between WINDERMERE REAL ESTATE SERVICES COMPANY, a Washington corporation ("WSC"), WINDERMERE SERVICES SOUTHERN CALIFORNIA, INC., a California Corporation ("WSSC"), and MROR, Inc., d/b/a Windermere/Exclusive Properties, ("Licensee"), and the individual principals of Licensee identified below.

RECITALS

The parties entered into a Windermere Real Estate License Agreement dated April 1, 2001 (the "Original License"), which granted Licensee permission to operate a real estate office using the Windermere Trademark and the Windermere System at the following location(s):

**Carlsbad Village**  
355 Carlsbad Village Drive  
Carlsbad, CA 92008

**Escondido**  
100 South Escondido Blvd.  
Escondido, CA 92025

The agreement further provided that Licensee "must receive the approval and permission of WSC to open any additional branch offices or to relocate any office."

Licensee has requested permission to open a new branch office location. In consideration of the mutual promises and covenants set forth herein, WSC hereby grants permission for the opening of the new office on the terms and conditions set forth below.

AGREEMENT

1. Licensee's Original License agreement is hereby amended to allow Licensee to operate four branch offices as follows:

**San Diego**  
11155 E Ocean Air Dr.  
San Diego, CA 92130

**Carlsbad South**  
1905 Calle Barcelona, Suite 230  
Carlsbad, Ca. 92009

**Encinitas**  
208 North El Camino Real, Suite B  
Encinitas, Ca. 92024

**Solana Beach**  
514 Via de la Valle #102  
Solano Beach, Ca. 92075

2. All terms of the Original License agreement are hereby incorporated by reference and shall apply to operation of the new branches.

3. As of the date hereof, the individual principals of licensee are as follows:

| NAME                    | PERCENTAGE INTEREST |
|-------------------------|---------------------|
| Mark & Maureen Loscher  | 82                  |
| Robert & Robin Behic    | 82                  |
| Jim & Sharon Browne     | 21                  |
| All other key employees | 15                  |
|                         |                     |
|                         |                     |

This Addendum is conditioned upon its execution by all individual principals named above, in their personal capacities, confirming their agreement to be personally bound by the terms of the license agreement and personally liable for any breach by Licensee.

ADDENDUM TO LICENSE AGREEMENT

Page 3 of 4

4. This Agreement constitutes the sole agreement between the parties relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written, of any party. Except as modified herein, all other terms of the Original License remain unchanged.

EXECUTION

WSC:

WINDERMERE REAL ESTATE SERVICES  
COMPANY

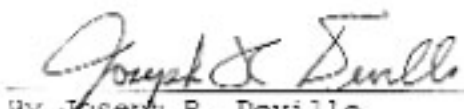


(signature)

By Geoffrey P. Wood  
Its Chief Executive Officer

WSSC:

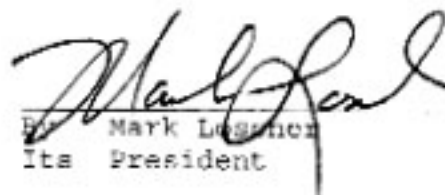
WINDERMERE SERVICES SOUTHERN CALIFORNIA, INC.



(signature)

By Joseph R. Deville  
Its President

LICENSEE:  
MR&JR, INC.

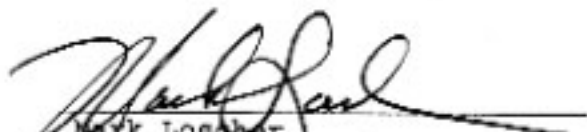



(signature)

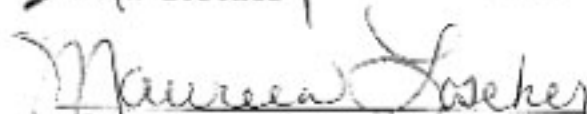
By Mark Logan  
Its President

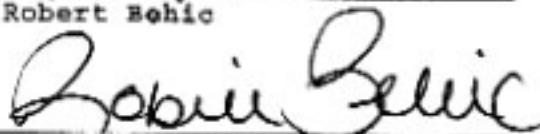
**PRINCIPALS OF LICENSEE**

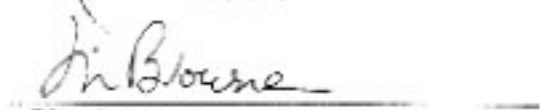
The following individuals are Shareholders, Partners or Members of Licensee. By signing below, each individual acknowledges that he or she is a party to this Agreement, is personally bound by its terms, and shall be personally responsible for performance of this Agreement by Licensee.

  
Mark Loscher

  
Robert Behic

  
Maureen Loscher

  
Robin Behic

  
Jim Browne

  
Sharon Browne

\_\_\_\_\_  
Print name:

\_\_\_\_\_  
Print name:

\_\_\_\_\_  
Print name:

\_\_\_\_\_  
Print name:



**AFFILIATE FEE SCHEDULE**

**Licensed Designation:** Windermere / Exclusive Properties

**Name of Office(s):** San Diego

**Office Opening Date:** ~~August 1, 2005~~

*September 1, 2005*  
*October 15, 2005*

The first month for which fees are due is ~~September 1~~ *September 16*<sup>th</sup>, 2005. Fees are to be reported and paid by the 15<sup>th</sup> of the month following the month in which they accrue, i.e. fees for June are due by July 15th.

- **Technology Fee:** \$12 per month per licensed agent and agent assistant
- **License Fee:** Five percent (5%) of gross revenues, as defined in the License Agreement, with a "phase-in" discount as follows: 90% discount for the first two months, 75% for months three and four; 50% for months five and six; 25% for months seven and eight. Discount terminates and full License Fees are due beginning in the ninth month.
- **Administrative Fee:** \$25 per agent per month
- **Windermere Foundation Fee:** \$10.00 per transaction side for each closed transaction
- **Weekly Fee:** \$1 per agent per month
- **Courier Fee:** \$15 per office per month

*Please note: Transition Discount applies to monthly license fee only and declines over an 8 month period.*

Your payments should be payable to **Windermere Services Southern California, Inc.** and sent with your accounting information to the following address:

Windermere Services Southern California, Inc.  
74-850 Highway 111  
Indian Wells, CA 92210

WSC: *Geoffrey P Wood* date: 8/29/05  
By Geoffrey P Wood  
Its Chief Executive Officer

WSSC: *Joseph R. Deville* date: 6-8-05  
By Joseph R. Deville  
Its President

MRJR, Inc.  
*Mark Loscher* date: \_\_\_\_\_  
By Mark Loscher  
Its President



**ADDENDUM TO FRANCHISE LICENSE AGREEMENT  
2006 FEE ADJUSTMENTS**

|                                     |   |
|-------------------------------------|---|
| Franchisor:                         | Windermere Real Estate Services Company, a Washington Corporation (WSC) |
| Area Representative:                | Windermere Services Southern California, Inc.                           |
| Licensee:                           | MRJR, Inc.  |
| Date of Original License Agreement: | 4/1/2001  |
| Date of this Addendum:              | November 2, 2005  |

**RECITALS**

This is an addendum to the Windermere Real Estate License Agreement among WSC, the Area Representative, and the Licensee referenced above. The dates of the original agreement and of this addendum are referenced above. This addendum applies to the branch office referenced above, only. If Licensee has more than one branch a separate addendum will be completed for each branch.

The Original License continues in effect until terminated with six months' notice by either party. Franchisor has raised certain of its fees since the date of the Original License Agreement. Rather than terminating the existing Agreement and executing a new franchise agreement, Licensee has agreed to amend the Original License. In consideration of continuing the Original License currently in effect, the parties agree as follows.

**AGREEMENT**

1. Paragraph 5 (Fees) of the Original License is hereby deleted in its entirety and replaced with the following:

**5. Fees.**

a. Initial Fee.

- (i) Standard Fee (New Licensee). For the services provided by WSC and Area Representative and for the use of the Trademark and Windermere System, Licensee agrees to pay to Area Representative a non-refundable Initial Fee in the amount of \$20,000.00 in cash upon signing this Agreement.
- (ii) New Licensee with Existing Owners. If any individual principal identifies in Section A-7 above owns 50% or more of Licensee, and is also a principal in another existing Windermere licensee, then the initial fee shall be \$5,000.00.

- (iii) Transfer of Assets from Existing Licensee. If a new Licensee is acquiring 50% or more of the operating assets of another existing WSC licensee, then the initial fee shall be \$5,000.00.
- (iv) New Branch of Existing Licensee. There is no additional fee for an existing Licensee to open a new branch office.

b. Ongoing License Fees. WSC and Area Representative offer two different "structures" for payment of ongoing franchise license fees. Licensee agrees to pay to Area Representative monthly License Fees in an amount equal to either:

- (i) Five percent (5%) of the gross commissions earned and received by Licensee during the term of this Agreement; or
- (ii) Two hundred five dollars (\$205.00) multiplied by the maximum number of sales agents licensed to Licensee at any time during the month.

c. "Ramp up". For each new branch, Ongoing Licensee Fees shall be "phased in" over the first six months that the branch is operating under the Windermere name. For purposes of this provision a "new branch" means a real estate brokerage office which has never previously operated under the Windermere name. Therefore the discount does not apply if Licensee acquires the stock or assets of another existing Windermere licensee, and assumes operation of an existing Windermere office. The discount applies to Ongoing License Fees only, and not to any of the Additional Fees. The discount applies as follows:

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

d. Election of Fee Structure. Multiple Branches. If Licensee has more than one branch, then Licensee may elect the fee structure to be applied to each branch separately (for instance Branch A may pay fees on the 5% basis, but Branch B pays at the flat \$205/agent rate). Unless specified otherwise, the fee structure indicated herein shall be applied to all branches of Licensee. The fee structure selected for a branch shall apply to all agents in the branch.

e. Changing Election of Fee Structure. Licensee may change the fee structure applied to any branch by giving written notice to WSC and Area Representative. The notice shall be effective beginning the first day of the next month after the notice is received. For example, if Licensee's notice is delivered in January, then fees for all of January shall accrue based on the initial fee structure, and February fees will be calculated at the new rate. The first such change for each branch may be made at any time. Each branch shall continue paying on the newly selected fee basis for a minimum of twelve (12) months. Thereafter, each branch may elect to change its fee structure at any time, but each such subsequent change shall remain in effect for a minimum of twelve (12) months before that branch is eligible to change again.

f. **When Due.** License Fees shall be paid by Licensee on a monthly basis within fifteen (15) days after the close of each calendar month, or at such other convenient intervals as may be mutually agreed to by the parties. For example, fees accrued in January are due by February 15.

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

h. **Late Fees, Interest, Audit.** Any fees not paid within ten days of the date due will be subject to a late fee equal to ten percent (10%) of the delinquent amount. Any fees more than twenty days late shall bear interest thereafter at the lower of either the highest lawful rate or eighteen percent (18%) per annum. Licensee agrees to submit such reports regarding its gross commissions, income, transaction data, and rosters of employees, agents and assistants as WSC may reasonably request, including complete federal income tax returns, state tax returns or filings, complete annual financial statements submitted within 90 days of Licensee's year end, and periodic interim period statements of income and expense, all prepared in accordance with generally accepted accounting principles. WSC or its designated agents shall have the right to inspect and audit the books and records of Licensee at reasonable times and upon reasonable notice. In the event any audit should disclose that Licensee has underpaid any fees by two percent (2%) or more, then Licensee shall promptly pay to WSC the fees, costs and expenses incurred in connection with the audit.

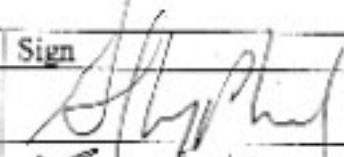
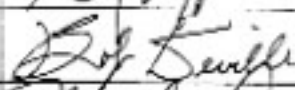
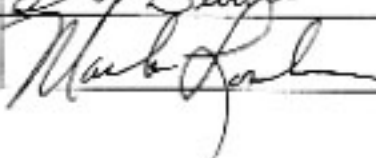
i. **Fees due after Termination or Expiration.** In the event of the expiration or termination of the term of this Agreement, the Area Representative shall be entitled to receive License Fees with respect to all listings and sales pending as of the date of termination. All such post-expiration or post-termination 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 15, 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 pending listings and sales as though Licensee still owned them. After the expiration or termination date Licensee shall continue to submit reports and WSC and/or Area Representative 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 sales pending as of the date of expiration or termination.

2. Effective **January 1, 2006**, Licensee's fees shall change to the amounts shown below. That is, new rates apply to January fees, which are reported and paid in February. The new fees are:

|                         | <b>Franchise Fee</b> | <b>Technology Fee</b> | <b>Administration Fee</b> |
|-------------------------|----------------------|-----------------------|---------------------------|
| Carlsbad Village        | 5%                   | \$12.00               | \$25.00                   |
| South Carlsbad          | 5%                   | \$12.00               | \$25.00                   |
| Encinitas               | 5%                   | \$12.00               | \$25.00                   |
| Escondido               | \$205/agent          | \$12.00               | \$25.00                   |
| San Diego-Carmel Valley | \$205/agent          | \$12.00               | \$25.00                   |
| Solana Beach            | \$205/agent          | \$12.00               | \$25.00                   |

3. Fees shall continue to be reported and paid by the 15<sup>th</sup> of the month following the month in which they accrue. Reports and payments should be sent to: 74-850 Highway 111, Indian Wells, CA 92210.

4. Except as modified herein, all provisions of the Original License Agreement remain unchanged.

|           | <b>Sign</b>   | <b>Print Name/Title</b>  | <b>Date</b> |
|-----------|---|--------------------------|-------------|
| WSC       |  | Geoffrey P. Wood<br>CEO  | 11/2/05     |
| Area Rep. |  | Bob DeVille<br>President | 11-9-05     |
| Licensee  |  | President                | 11-28-05    |



ADDENDUM TO  
WINDERMERE REAL ESTATE LICENSE AGREEMENT  
PERMISSION FOR ADDITION OF BRANCH OFFICE

THIS ADDENDUM is made and entered into as of ~~September~~ <sup>OCTOBER</sup> 1, 2006 by and between WINDERMERE REAL ESTATE SERVICES COMPANY, a Washington corporation, its successors and assigns ("WSC"); WINDERMERE SERVICES SOUTHERN CALIFORNIA, INC., a California corporation ("Area Representative"); MRJR Inc., a California Corporation d/b/a Windermere Exclusive Properties ("Licensee"); and the individual principals of Licensee identified below.

RECITALS

The parties entered into a Windermere Real Estate License Agreement dated April 1, 2001 (the "Original License"), which as subsequently amended now allows Licensee to operate real estate offices using the Windermere Trademark and the Windermere System at the following locations:

Carlsbad Village  
355 Carlsbad Village Drive  
Carlsbad, CA 92008

Escondido  
100 South Escondido Blvd  
Escondido, CA 92025

San Diego- Carmel Valley  
11155 E. Ocean Air Dr.  
San Diego, CA 92130

Encinitas  
208 N. El Camino Real, Suite B  
Encinitas, CA 92024

Carlsbad South  
1905 Calle Barcelona, Suite 203  
Carlsbad, CA 92009

The agreement further provided that Licensee "must receive the approval and permission of WSC and Area Representative to open any additional branch offices or to relocate any office."

ADDENDUM TO LICENSE AGREEMENT

Page 2 of 5

Licensee has requested permission to open a new branch office location. In consideration of the mutual promises and covenants set forth herein, WSC and Area Representative hereby grant permission for the opening of the new office on the terms and conditions set forth below.

AGREEMENT

1. Licensee's Original License agreement is hereby amended to allow Licensee to operate branch offices to be located at:

LaJolla - San Diego  
Windermere Exclusive Properties  
7817 Herschel Avenue  
LaJolla, CA 92037

2. All terms of the Original License agreement are hereby incorporated by reference, and shall apply to operation of the new branch. Licensee agrees that the branch authorized herein will comply with all applicable state real estate licensing laws.

3. As of the date hereof, the individual principals of licensee are as follows:

| NAME                                | PERCENTAGE INTEREST |
|-------------------------------------|---------------------|
| Mark Loscher and Maureen Loscher    | 28                  |
| James Browne and Sharon Browne      | 19                  |
| Larry Anderson and Barbara Anderson | 18                  |
| Robert Behic and Robin Behic        | 35                  |

This Addendum is conditioned upon its execution by all individual principals named above, in their personal capacities, confirming their agreement to be personally bound by the terms of the license agreement and personally guarantees for any breach by Licensee.

EXECUTION

WSC:

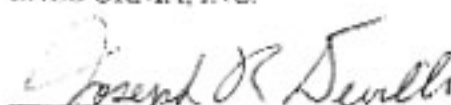
WINDERMERE REAL ESTATE SERVICES  
COMPANY



By Geoffrey P. Wood  
Its Chief Executive Officer

AREA REPRESENTATIVE:

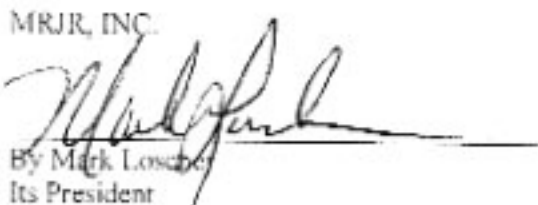
WINDERMERE SERVICES SOUTHERN,  
CALIFORNIA, INC.



By Joseph R. DeVille  
Its President

**LICENSEE:**

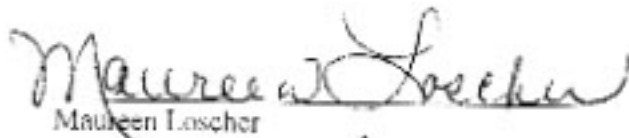
MRJR, INC.

  
By Mark Loscher  
Its President

**PRINCIPALS OF LICENSEE**

The following individuals are Shareholders, Partners or Members of Licensee. By signing below, each individual acknowledges that he or she is a party to this Agreement, is personally bound by its terms, and shall personally guarantee performance of this Agreement by Licensee.

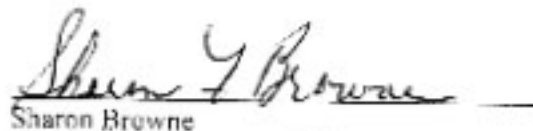
  
Mark Loscher

  
Maureen Loscher

  
Larry Anderson

  
Barbara Anderson

  
James Browne

  
Sharon Browne

  
Robert Behic

  
Robin Behic

**AFFILIATE FEES SCHEDULE**

|                                    |                                 |
|------------------------------------|---------------------------------|
| License Designation                | Windermere Exclusive Properties |
| Date of Original License Agreement | April 1, 2001                   |
| Branch Name:                       | LaJolla / SAN DIEGO             |

**LICENSE FEES:** Licensee elects to pay ongoing license fees on the following basis (choose one):

- Five percent (5%) of the gross commissions earned and received by Licensee during the term of this Agreement; OR  
 Two hundred five dollars (\$205.00) multiplied by the maximum number of sales agents licensed to Licensee at any time during the month.

Does the Ramp Up discount apply?  YES  NO Area Rep Initials: \_\_\_\_\_

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

- **Technology Fee:** \$12.00 per month per licensed agent and agent assistant for basic service effective September 2006; additional fees apply for additional service, as set forth in the Uniform Franchise Offering Circular.
- **Administration Fee:** \$25.00 for each licensed sales associate per month.
- **Windermere Foundation Suggested Donation:** \$10.00 per transaction side for each closed transaction.

The first month for which fees are due is ~~September~~ <sup>OCTOBER</sup> 2006. Fees are to be reported and paid by the 15<sup>th</sup> of the month following the month in which they accrue, i.e. fees for December are due by January 15<sup>th</sup>. Your payments should be payable to **Windermere Services Southern California, Inc.** and sent with your accounting information to the following address:

Windermere Services Southern California, Inc.  
74996 Highway 111  
Indian Wells, CA 92210  
(760) 327-3990

|   | INITIALS      | DATE     |
|---|---------------|----------|
| Mark Loscher<br>Windermere Exclusive Properties               | <i>ML</i>     | 10-17-06 |
| Joseph R. DeVille, Area Rep<br>Windermere Southern California | <i>JRD</i>    | 11-17-06 |
| Geoffrey P. Wood, CEO<br>WSC                                  | <i>G.P.W.</i> | 1-22-07  |



**ADDENDUM TO  
WINDERMERE REAL ESTATE LICENSE AGREEMENT  
FEE MODIFICATIONS**

THIS ADDENDUM is made and entered into as of April 6, 2007 by and between WINDERMERE REAL ESTATE SERVICES COMPANY, a Washington corporation, its successors and assigns ("WSC"); WINDERMERE SERVICES SOUTHERN CALIFORNIA, INC., a California corporation ("Area Representative"); MRJR Inc., a California Corporation d/b/a Windermere Exclusive Properties ("Licensee"); and the individual principals of Licensee identified below.

**RECITALS**

The parties entered into a Windermere Real Estate License Agreement dated April 1, 2001 (the "Original License"), for Licensee to operate a real estate brokerage office using the Windermere Trademarks and the Windermere System. The Original License has been subsequently amended to allow operation of additional office locations by Licensee. At Licensee's request, WSC and Area Representative have agreed to allow Licensee to defer the payment of certain fees for a certain period of time, pursuant to the terms of a separate fee deferral agreement. As material consideration for the fee deferral agreement, Licensee agreed to certain modifications to its ongoing fee amounts.

Therefore the parties now agree as follows.

**AGREEMENT**

1. Effective retroactively to January 1, 2007, the per agent franchise license fee option shall be \$200.00 per agent per month, and the Technology Fee shall be \$17.00 per agent per month.
2. Effective January 1, 2008, the Technology Fee shall increase to \$22.00 per agent per month, through June 2008. Effective July 1, 2008, the Technology Fee shall increase to \$25.00 per agent per month.
3. To the extent that the terms of this Addendum conflict with the Original License, or any prior addendum thereto, this Addendum is intended to supersede and control. All other terms of the Original License, as amended, remain unchanged.

EXECUTION

WSC:

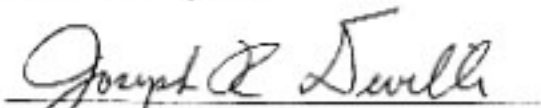
WINDERMERE REAL ESTATE SERVICES  
COMPANY



By Geoffrey P. Wood  
Its Chief Executive Officer

AREA REPRESENTATIVE:

WINDERMERE SERVICES SOUTHERN,  
CALIFORNIA, INC.



By Joseph R. DeVille  
Its President

LICENSEE:

MRJR, INC.



By Mark Loscher  
Its President

## AGREEMENT FOR DEFERRAL OF FRANCHISE FEES

THIS AGREEMENT is made and entered into as of April 6, 2007 by and between WINDERMERE REAL ESTATE SERVICES COMPANY, a Washington corporation ("WSC"); WINDERMERE SERVICES SOUTHERN CALIFORNIA, INC. ("Area Representative"); MRJR, INC., a California corporation ("Licensee"); and the individual principals of Licensee identified below.

### RECITALS

The parties entered into a Windermere Real Estate License Agreement dated April 1, 2001 (the "Original License"), which granted Licensee permission to engage in the real estate brokerage business using the Windermere Trademark and the Windermere System.

The Original License (and any subsequent amendments thereto) requires Licensee to pay ongoing franchise License Fees and certain other Additional Fees to WSC and/or Area Representative, as consideration for Licensee's use of the Windermere Trademark and the Windermere System.

Due to financial hardship, Licensee was unable to pay certain amounts due under the Original License for the months of February through April 2006. Those amounts were reduced to a promissory note dated July 1, 2006, in the principal amount of \$86,714.50, payable to Area Representative.

Due to continuing financial hardship, Licensee has requested a further deferral of License Fees for an additional period of time. WSC and Area Representative are willing to grant the requested deferral fees on certain terms. Therefore, in consideration of the mutual promises and covenants set forth herein, the parties now agree as follows.

### AGREEMENT

1. Deferral of Fees. WSC and Area Representative agree that Licensee may defer payment of certain fees as follows:

a. Franchise license fees shall be deferred for the months of July 2006 through December 2007, inclusive.

b. Technology and Administration fees shall be deferred for the months of July 2006 through December 2006, inclusive, totaling \$28,416.00.

c. This is a temporary deferral of payment only, not a forgiveness of the amounts due, meaning that all deferred fees must be paid in full at a later date on the terms set forth below. Fees deferred shall accrue interest at the Prime Rate as announced by Wells Fargo Bank in Seattle, Washington, from the date the fees were due (the 15<sup>th</sup> day of the following month) until fully repaid. For example, fees for July 2006 shall accrue interest beginning on their due

AGREEMENT FOR FEE DEFERRAL

Page 1 of 5

date of August 15, 2006. Unpaid interest shall be compounded (added to principal) on the 15<sup>th</sup> day of each month. The interest rate shall be adjusted contemporaneously with each and every adjustment to the Prime Rate announced by Wells Fargo.

d. Licensee shall resume paying Technology and Administration fees as of January 2007. Back due Technology and Administration fees for January through March 2007 in the amount of \$18,270.00 shall be due in full at the execution of this Agreement.

e. Licensee shall resume paying its License Fees starting with January 2008 fees, which are due and shall be paid by February 15, 2008, unless this Agreement is further extended by mutual agreement.

f. Licensee shall begin repaying the deferred fees and accrued interest amortized with continuing interest over 60 monthly equal monthly installments. The first payment shall be due on July 1, 2008, and the full remaining balance of deferred fees plus interest shall be paid no later than June 1, 2013.

2 Continuing Payments on Promissory Note. During the term of this Agreement, Licensee shall continue to make timely payments on the promissory note dated July 1, 2006, between Licensee as Maker and Area Representative as Holder. Default under the note shall constitute a default under this Agreement, which shall result in all fees becoming immediately due in full with penalties and interest as per the Original License, as amended.

3 Fee reports to be submitted and all other fees to remain current. During the period of License Fee deferral, Licensee shall continue to timely submit its Monthly Statistical Report (MSR) to Area Representative, and shall timely remit in full payment of all other Additional Fees except administration fees (including without limitation technology fees, marketing fees, courier and publications fees, etc.) on a monthly basis, per the Original License and any subsequent addenda thereto. If Licensee fails to submit any report, or pay any Additional Fees when due, this Deferral Agreement shall immediately terminate, and all deferred fees and accrued interest shall become immediately due and payable, with penalties and interest as provided in the Original License, as amended.

4 Windermere Foundation. During the term of this Deferral Agreement, Licensee shall continue to collect and remit contributions to the Windermere Foundation on the same basis as prior to the effective date of this Agreement. If Licensee fails to timely remit Windermere Foundation contributions this Agreement shall terminate, and all deferred fees shall become immediately due and payable with penalties and interest, as provided in the Original License, as amended.

5 Costs Advanced. From time to time, WSC and/or Area Representative may advance certain costs on behalf of Licensee, at Licensee's request. These amounts are invoiced to Licensee monthly, and are referred to as "Owner Billings." Licensee must continue to timely pay all Owner Billings in full within 60 days after invoiced by WSC and/or Area Representative. If Licensee fails to pay any Owner Billings in full when due then this Agreement shall immediately terminate, and all deferred fees plus accrued interest shall become immediately due

and owing with penalties and interest, as provided in the Original License as amended.

6 Review of Financial Statements. During the term of this Agreement Licensee shall provide WSC and Area Representative with monthly financial statements in the form prescribed by WSC.

7 Corporate Documents to be provided. Licensee shall within seven days after execution of this Agreement provide to WSC and Area Representative copies of executed corporate documents showing issued and outstanding shares of stock in Licensee, and a copy of its executed Shareholder Buyout and Shareholder Agreement.

8 Personal Guaranty. As of the date hereof, the individual principals of Licensee are as follows:

| Name                                | Percent Interest |
|-------------------------------------|------------------|
| Mark Loscher and Maureen Loscher    | 28%              |
| James Browne and Sharon Browne      | 18%              |
| Larry Anderson and Barbara Anderson | 17.5%            |
| Robert Behic and Robin Behic        | 28%              |
| Other                               | 8.5%             |

This Agreement is conditioned upon its execution by all certain principals named above, in their personal capacities, confirming their agreement to be personally bound by the terms of this Agreement and to be personally liable for any breach thereof by Licensee.

#### EXECUTION

WSC:

WINDERMERE REAL ESTATE SERVICES COMPANY



By Geoffrey P. Wood  
Its Chief Executive Officer

**AREA REPRESENTATIVE**

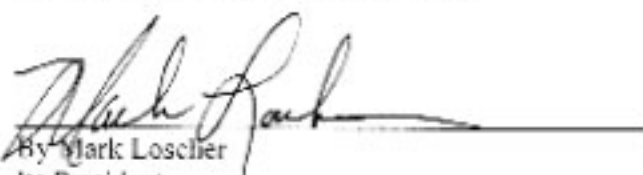
WINDERMERE SERVICES SOUTHERN CALIFORNIA, INC.



By Joseph R. Deville  
Its President

**LICENSEE:**

MRJR, INC., a California corporation



By Mark Loscher  
Its President

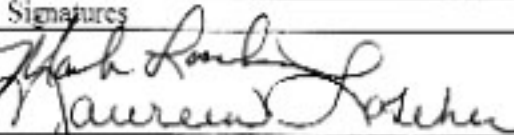
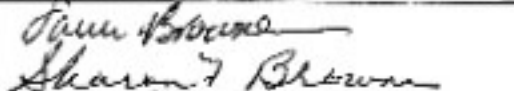
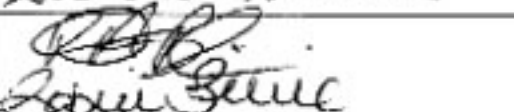
AGREEMENT FOR FEE DEFERRAL

Page 4 of 5

PERSONAL GUARANTY BY  
PRINCIPALS OF LICENSEE

The following individuals are Shareholders, Partners or Members of Licensee. Each has a financial interest in Licensee, has had the opportunity to read the Franchise Fee Deferral Agreement to which this Personal Guaranty is attached, and acknowledges that he/she will personally benefit from the Agreement.

By signing below, each individual acknowledges that he or she is a party to this Agreement, is personally bound by its terms, and hereby unconditionally personally guarantees performance of this Agreement by Licensee, including the full repayment of all deferred fees with interest, on the terms set forth herein.

| Name                             | Signatures  |
|----------------------------------|---|
| Mark Loscher and Maureen Loscher |   |
| James Browne and Sharon Browne   |   |
| Robert Behic and Robin Behic     |  |

**ADDENDUM TO  
WINDERMERE REAL ESTATE  
FRANCHISE LICENSE AGREEMENT**

|                                    |  |
|------------------------------------|--|
| Date of this Addendum              | September 23, 2010   |
| Date of Original License Agreement | April 1, 2001  |
| Licensee                           | MRJR, Inc., a California corporation, d/b/a<br>Windermere Exclusive Properties |

This is an addendum to that certain Windermere Real Estate Franchise License Agreement (the "Original License") entered into as of the date referenced above, by and among Windermere Real Estate Services Company, a Washington corporation ("WSC"); Windermere Services Southern California, Inc., a California corporation ("Area Representative"); and the Licensee referenced above ("Licensee").

**RECITALS**

The Original License granted Licensee the right to operate a real estate brokerage business using the Windermere Trademarks and Windermere System.

Licensee has requested certain modifications to its franchise license and other fees, and the parties have reached agreement on the requested modifications.

Therefore the parties now agree as follows.

**AGREEMENT**

1. Paragraph 5 of the Original License, as previously amended, is hereby deleted in its entirety and replaced with the following:

**5. Fees.**

a. Initial Fee. N/A - already paid.

b. Ongoing License Fees. WSC and Area Representative offer two different structures for payment of ongoing franchise 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 either:

i. Five percent (5%) of the gross commissions earned and received by Licensee during the term of this Agreement, "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 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 Area Representative of what accounting period it will be using for purposes of calculating capped fees. The fee "cap" is subject to cancellation or change by WSC at any time by written notice. OR

ii. Two hundred dollars (\$200.00) multiplied by the maximum number of sales agents licensed to Licensee at any time during the month, subject to a minimum of fifteen agents.

c. Election of Fee Structure. Retroactive to January 1, 2010, and effective through December 31, 2010, Licensee shall be permitted to elect to pay ongoing franchise fees either on the "5% capped" basis set forth above, or on the \$200/agent/month basis. This election may be made by each office monthly on a "look back" basis (meaning that the fee election shall be made at the time fees are reported for each month, based on which fee structure would be better for that month). Each office may elect a different fee structure, but the structure elected by that office for a given month shall apply to all agents in that office without exception. This election shall end with fees due for December 2010 which are due January 15, 2011. On or before January 15, 2011, Licensee shall inform WSC and Area Representative of what fee structure shall apply to each of Licensee's offices effective January 1, 2011, and the fee structure so elected will then remain in effect a minimum of twelve months, and may not be changed thereafter except by mutual agreement of all parties.

d. 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.

e. Fee Reports and Payments - When Due. License Fees and Additional Fees shall be paid by Licensee to Area Representative on a monthly basis within five (5) days after the close of each calendar month. For example, fees accrued in January are due by February 5. Along with its monthly fee payments, Licensee shall submit a fee calculation report in the form and manner specified by WSC and Area Representative from time to time. Licensee will acquire, at Licensee's sole expense, any computer hardware and software required for submission of required reports to Area Representative, and shall upgrade such hardware and software as needed from time to time to comply with WSC and Area Representative 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 or Area Representative on the grounds of the alleged non-performance or breach

of any obligations of WSC or Area Representative under this Agreement or any related agreement.

f. **Late Fees, Interest.** Any fees not paid by the tenth day of the month after they accrue 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. For example if Licensee owed \$5,000 for January, that amount would be due by February 5. If not paid by February 10, the amount of \$5,500 (fees due plus 10% late fee) would begin to accrue interest at the applicable rate from February 10 until paid in full. Payments on past due fees will be applied first to accrued and unpaid interest, and then to the principal (consisting of past due fees plus late fees, combined).

g. **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 and Area Representative 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 or Area Representative 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, Area Representative or their 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 reasonably requested, 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 and/or Area Representative the fees, costs and expenses incurred in connection with the audit, along with the delinquent amounts owing, plus interest and penalties as provided herein.



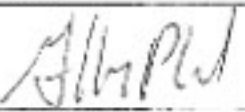
h. **Fees due after Termination or Expiration.** In the event of the expiration or termination of the term of this Agreement, WSC and Area Representative shall be entitled to receive Ongoing License Fees with respect to all listings and pending sales as of the date of expiration or termination. All such 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 monthly reports to Area Representative, and shall continue to be subject to audit of 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.

2. This agreement supersedes all prior agreements regarding Licensee's fee structures, or fee discounts.

3. Except as modified herein, all terms of the Original License agreement remain unchanged and are hereby incorporated by reference. In the event of any conflict between this addendum and any other provisions of the Original License, or prior amendments thereto, this addendum shall supersede and control.

#### EXECUTION

| Licensee   | Area Representative  | WSC  |
|--|--|--|
|  |  |  |
| By Mark Loscher  | By Joseph R. Deville   | By Geoffrey P. Wind  |
| President  | President  | Chief Executive Officer  |
| Date: 10-14-10   | Date:  | Date: 11/16/2010   |

### FEES SCHEDULE

|  |  |
|--|--|
| Date of this Addendum  | July 2, 2010   |
| Licensed Name  | MRJR, Inc., d/b/a Windermere Exclusive Properties                                  |
| Office Name(s)   | Escondido<br>San Diego - Carmel Valley<br>Carlsbad Village<br>La Costa / Encinitas |
| The first month for which Ongoing License and Additional Fees are due: | January 2010   |

#### ONGOING LICENSE FEES:

**January – December 2010:** Five percent (5%) of all gross commissions earned and received per month, with a cap of \$75,000; OR \$200/agent/month (subject to 15 agent minimum); to be elected retroactively by each office on a monthly basis.

**Effective January 2011:** Five percent (5%) of all gross commissions earned and received per month, with a cap of \$75,000; OR \$200/agent/month (subject to 15 agent minimum); to be elected by each office no later than January 15, 2011, and the fee structure elected shall remain in effect for a minimum of twelve months.

#### ADDITIONAL FEES:

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

Fees are to be reported and paid by the 5<sup>th</sup> of the month following the month in which they accrue, i.e. fees for January are due by February 5th. Remit payment along with required monthly reports to Windermere Services Southern California, Inc., 71-691 Highway 111, Rancho Mirage, CA 92270.

|                     | INITIALS           | DATE       |
|---------------------|--------------------|------------|
| LICENSEE            | <i>[Signature]</i> |            |
| AREA REPRESENTATIVE | <i>[Signature]</i> |            |
| WSC                 | G.M.               | 11/16/2010 |



## PROMISSORY NOTE

\$892,212.46

Seattle, WA

March 15, 2009

1. For value received, the undersigned MRJR, Inc., a California corporation d/b/a Windermere Exclusive Properties ("Maker") promises to pay to Windermere Real Estate Services Company, a Washington corporation doing business as Windermere Services Company ("Holder"), at 5424 Sand Point Way NE, Seattle, WA 98105, the principal sum of Eight hundred ninety-two thousand two hundred twelve dollars and forty-six cents (\$892,212.46) with interest thereon from March 15, 2009 on unpaid principal at the Prime Rate as announced from time to time by the Bank of America in Seattle, Washington, or five percent per annum (5%), whichever is more, adjusted contemporaneously with each and every adjustment to the Prime Rate until this Note has been fully repaid.

*Handwritten initials*

2. Maker shall make four (4) payments of six thousand dollars commencing on April 1, 2009, and continuing on the first day of each month through July 1, 2009. Maker shall then make twelve (12) payments of nine thousand dollars (\$9,000.00) commencing on August 1, 2009, and continuing on the first day of each month through July 1, 2010. Thereafter Maker shall make thirty-five (35) payments of twelve thousand dollars (\$12,000.00) commencing on August 1, 2010 and continuing on the first day of each month through June 1, 2013. The full remaining balance of principal, interest and all other amounts owing under this Note shall be due in full no later than July 1, 2013. Any amount may be paid in advance of the due date without penalty. If Holder receives any payment more than ten (10) days after its due date, then a late payment charge of ten percent (10%) of the delinquent amount shall be added to the payment. All payments shall be credited first to any late charges; then to interest accrued on the principal under this note; and the remainder to principal. Interest shall thereupon cease upon the principal so credited. All sums payable in lawful money of the United States of America.

3. If Maker fails to make any payment owed under this Note, then Holder may, at its option, declare all outstanding sums owed on this Note to be immediately due and payable, in addition to any other rights or remedies that Holder may have. This Note may not be transferred or negotiated by Holder to any third party.

4. Maker shall pay all costs incurred by Holder in collecting sums due under this Note after a default, including reasonable attorneys' fees, whether or not suit is brought. If Maker or Holder sues to enforce this Note or obtain a declaration of its rights hereunder, the prevailing party in any such proceeding shall be entitled to recover its reasonable attorneys' fees and costs incurred in the proceeding (including those incurred in any bankruptcy proceeding or appeal) from the non-prevailing party.

5. Maker waives presentment for payment, notice of dishonor, protest and notice of protest. No failure or delay by Holder in exercising Holder's rights under this Note shall be a waiver of such rights. If any clause or any other portion of this Note shall be determined to be void or unenforceable for any reason, such determination shall not affect the validity or enforceability of any other clause or portion of this Note, all of which shall remain in full force and effect. There are no verbal or other agreements which modify or affect the terms of this Note. This Note may not be modified or amended except by written agreement signed by Maker and Holder. This note shall be interpreted under the laws of the State of Washington. Venue for any action arising under this note shall be in the King County Superior Court in Seattle, Washington. Maker consents to jurisdiction and venue in said court.

6. Maker acknowledges that this loan is for business or commercial purposes only, and not for personal or household purposes. Each Maker executes this Note as a principal and not as a surety. If there is more than one Maker, each such Maker shall be jointly and severally liable under this Note. If Maker is an entity, then the individual signing on its behalf represents and warrants that he/she has authority to sign this note and bind the Maker. This Note is secured by a Personal Guaranty of even date.

MRJR, INC.:

By Mark Luscher, its President



## UNCONDITIONAL GUARANTY OF PAYMENT

**THIS UNCONDITIONAL GUARANTY OF PAYMENT ("Guaranty")** is made as of March 15, 2009 by Mark and Maureen Loscher, husband and wife and the marital community thereof; James and Sharon Brown, husband and wife and the marital community thereof; Robert and Robin Behic, husband and wife and the marital community thereof; and Larry and Barbara Anderson, husband and wife and the marital community thereof (each a "**Guarantor**"), to Windermere Real Estate Services Company, a Washington corporation doing business as Windermere Services Company, and its successors, participants and assigns ("**Lender**").

### RECITALS:

A. Lender is the franchisor entity for Windermere Real Estate offices throughout the western United States, and owns the Windermere name, trademarks and associated intellectual property.

B. MRJR, Inc., a California corporation ("**Borrower**") on April 1, 2001 entered into a Windermere Real Estate License Agreement with Lender. The License granted Borrower the right to conduct its real estate brokerage business under the Windermere name and trademarks. In consideration of the license, Borrower agreed to pay certain ongoing franchise and other fees to Lender.

C. Borrower defaulted in payment of the franchise and other fees owed to Lender. Lender has extended various extensions, deferrals and other accommodations to Borrower.

D. Borrower is unable to pay all amounts owing to Lender in full immediately. Lender has agreed to accept a promissory note from Lender in lieu of immediate payment of the amounts owing, on the condition that the note be personally guaranteed by the principals of Borrower.

E. Accordingly, Borrower has now executed a Promissory Note of even date in the principal sum of \$892,212.46. The Note, this Guaranty, and all other agreements now or hereafter made by Borrower in connection with the Loan shall be collectively referred to as the "**Loan Documents**."

F. Guarantor has a financial or other interest in Borrower, will benefit from the making of the Loan by Lender, is familiar with and understands the terms and conditions of the Loan, the Loan Documents, and is satisfied with and approves the same in all respects without condition or reservation. As a material inducement to Lender to make the Loan, Guarantor has 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, to induce Lender to accept the Note to cure the defaults by Borrower under its Windermere franchise agreement, and to make the Loan to Borrower, 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 Borrower in connection with or relating to the Loan or any financial accommodations which Lender may from time-to-time extend or provide to or for the benefit of Borrower in connection with the Loan including, without limitation, all of Borrower's obligations to pay principal, interest, and other fees, charges, sums, costs, reimbursements and expenses which at any time may be owing under or in connection with the Loan, the Loan Documents, any business or financial accommodation made or provided in connection with the Loan, as any or all of them may from time to time be modified, amended, extended, renewed or restated.

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

3. **INDEPENDENT OBLIGATION.** This Guaranty is an independent obligation of 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 Borrower or any other Guarantor or other party, or whether Borrower or any other Guarantor or any other party is joined in any such action or actions. This Guaranty is an absolute guaranty 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. **WAIVERS.** Guarantor waives (a) notice of Lender's acceptance of this Guaranty; (b) notice of any advances made by Lender pursuant to any instrument or agreement giving rise to the Guaranteed Obligations; (c) any defense arising from or out of the exercise by Lender of any right or remedy it may have with respect to the Guaranteed Obligations; (d) grace, demand, presentment, notice of dishonor and protest with respect to the Guaranteed Obligations; (e) any defense based upon any change in the name, location, composition or structure of Borrower, or any change in the type of business conducted by Borrower, or any other change in the financial condition, identity or legal status of Borrower; (f) the benefit of suretyship defenses generally; and (g) any defense based upon any failure by Lender to obtain a similar guaranty from any other person or entity, or file a creditor's claim in the estate of any person or entity, including Borrower, whether in administration, bankruptcy or any other proceeding.

Guarantor acknowledges that Lender has no obligation to Guarantor to make further loans or advances to Borrower, or to see to the proper use and application of the funds so advanced. Guarantor understands that the Guaranteed Obligations and this Guaranty can involve substantial risks for Guarantor and agrees that Lender is not a trustee or fiduciary for Guarantor and undertakes no duty, obligation responsibility or special relationship to Guarantor to see to proper use and application of any loan or advance or otherwise to protect and not act adversely to Guarantor's interests. Any application or use of loan proceeds or advances for purposes other than those provided for in Borrower's agreements with Lender shall not defeat, limit or impair this Guaranty in whole or in part.

5. **RIGHTS OF LENDER.** Lender shall not be bound to exhaust its recourse or take any action against Borrower or against any other person or entity, or proceed against any collateral or against any particular collateral, but Lender may make such demands and take such actions as it deems advisable, and Lender, without affecting the liability of any Guarantor under this Guaranty, may with or without notice or consideration (i) release any other person or entity liable for all or any of the Guaranteed Obligations; (ii) extend the maturity, modify the terms, grant any indulgence or forbearance or postpone the time of payment or performance of all or any part of the Guaranteed Obligations or otherwise amend or modify the terms of any agreement or instrument giving rise to all or any of the Guaranteed Obligations; and (iii) release all or any part of the existing or any future security for the Guaranteed Obligations. All rights and remedies of Lender under this Guaranty, at law or in equity are separate and cumulative and may be pursued separately, successively, or concurrently, or not pursued, without affecting or limiting any other right or remedy of Lender and without affecting or impairing the liability of Guarantor under this Guaranty.

6. **WAIVER OF SUBROGATION AND REIMBURSEMENT RIGHTS.** Until the Guaranteed Obligations have been paid and performed in full, and to the fullest extent permitted by law, Guarantor releases and waives any claim, right or remedy which Guarantor may have against Borrower arising from this Guaranty and/or from the performance by Guarantor of Guarantor's obligations under this Guaranty, including any claim, remedy or right of subrogation, reimbursement, exoneration, contribution, indemnification or participation in any claim, right or remedy of Lender against Borrower, or any security which Lender now has or hereafter acquires, whether such claim, right or remedy arises under contract, by statute, under common law or otherwise.

7. **SUBORDINATION OF DEBT.** Any present or future indebtedness of Borrower to Guarantor is hereby unconditionally subordinated to the Guaranteed Obligations. Following written request by Lender, any payment of such indebtedness of Borrower to Guarantor shall be collected, enforced and received by Guarantor in trust for the benefit of Lender and promptly paid over to Lender on account of the Guaranteed Obligations, but without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Guaranty. Failure to remit shall be equivalent to misappropriation while acting in a fiduciary capacity so as to constitute a non-dischargeable debt under the U.S. Bankruptcy Code.

8. **GUARANTY SURVIVES EXERCISE OF LENDER'S REMEDIES.** Lender, at its option and in its sole discretion, may proceed against any collateral securing any of the Guaranteed Obligations by way of judicial or non-judicial foreclosure or any other lawful remedy for the enforcement of its rights, and the obligations of Guarantor under this Guaranty shall survive Lender's exercise of any such right or remedy. Guarantor understands that Lender's exercise of its rights and remedies including, without limitation, a non-judicial foreclosure of any deed of trust securing any of the Guaranteed Obligations could impair, eliminate or destroy subrogation, reimbursement, contribution, indemnification and other rights Guarantor may have against Borrower or others for amounts paid by Guarantor under this Guaranty; nevertheless, Guarantor hereby waives and relinquishes any claim or defense based upon the loss of any such rights, election of remedies, discharge and satisfaction of the Secured Obligations to the fullest extent permitted by law.

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

10. **CONTINUING GUARANTY.** This Guaranty covers any and all of the Guaranteed Obligations, whether presently outstanding or arising subsequent to the date of this Guaranty. This Guaranty shall continue until each and every Guaranteed Obligation is paid and performed in full. If at any time payment or performance of all or any part of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by Lender as a result of the insolvency, bankruptcy or reorganization of Borrower or otherwise, this Guaranty shall be reinstated. Guarantor hereby assigns to Lender all rights against Borrower which Guarantor may have (whether or not related to the Guaranteed Obligations) in any proceedings under the United States Bankruptcy Code or in any receivership or other insolvency proceeding. This Guaranty is binding upon and enforceable against Guarantor and its, his or her heirs, devisees, personal representatives, successors and assigns. Each married individual who executes this Guaranty intends to bind both his or her separate estate and his or her marital community. This Guaranty is intended for and shall be binding upon and inure to the benefit of Lender and each and every person or entity who, by assignment, endorsement, participation agreement or otherwise, succeeds to all or any part of Lender's rights under the Guaranteed Obligations, irrespective whether such transfer is voluntary or involuntary or occurs by operation of law. Guarantor shall not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all or a material part of Guarantor's assets or of any interest therein.

11. **FINANCIAL INFORMATION AND STATEMENTS.** Guarantor shall keep and maintain, at Guarantor's address stated below, or at such other place as Lender may approve in writing, complete, current and accurate financial and accounting information for Guarantor, subject to examination and copying at any reasonable time by Lender. All financial statements shall be prepared in accordance with generally accepted accounting principles, consistently applied. Guarantor shall prepare and provide to Lender financial statements, copies of tax returns, and other financial information in the form and at the times required by Lender. Guarantor authorizes and directs Lender, as Lender deems necessary, from time-to-time to obtain credit report(s) concerning Guarantor in connection with this Guaranty, or in connection with the making, administration, renewal or collection of the Loan or any other of the Guaranteed Obligations.

12. **GOVERNING LAW; JURISDICTION; VENUE.** This Guaranty shall be governed by and construed in accordance with the laws of the State of Washington. Guarantor hereby submits irrevocably to the non-exclusive jurisdiction and venue of any state or federal court in the State of Washington selected by Lender in any action relating to or arising out of the enforcement or interpretation of this Guaranty and Guarantor hereby irrevocably agrees that all claims in respect to any such action or proceeding may be heard and determined in such

Washington State Court or such United States District Court sitting in the State of Washington and to all the courts to which an appeal may be taken from such courts. Guarantor expressly waives, to the fullest extent it may effectively do so under applicable law, any objection it may at any time have: (a) as to venue in such courts; (b) that any action or proceeding therein has been brought in an inconvenient forum; (c) that any such court lacks jurisdiction over it; or (d) as to service of process upon it in accordance with applicable law.

13. **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 Lender in connection with the enforcement or collection from Borrower of all or any of the Guaranteed Obligations, or any security therefor, 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.

14. **REPRESENTATIONS AND WARRANTIES.** Guarantor represents and warrants to Lender that Guarantor is a principal of Borrower or otherwise financially interested in Borrower, and (a) is adequately informed of the financial condition of Borrower, and Borrower's operations and properties, (b) is familiar with and will stay informed regarding the terms and conditions of the Loan and the other Guaranteed Obligations, and of Borrower's resources and plans for payment and performance of the Guaranteed Obligations, (c) has not relied on any financial or other information provided by Lender, if any, about Borrower, Borrower's operations and activities, properties or prospects, and (d) does not expect Lender to provide and waives any duty on the part of Lender to provide any such information in the future including, without limitation, adverse information about the Borrower or its activities or about any collateral for any of the Guaranteed Obligations which Lender may possess or acquire and which may not be available to Guarantor. Guarantor acknowledges that Lender is under no obligation to make the Loan or provide other business and financial accommodations to Borrower without this Guaranty and would not do so without this Guaranty.

15. **DISPUTED OBLIGATIONS.** All communications concerning disputed debts and obligations of Guarantor under this Guaranty, including without limitation disputes as to the amount of any payment, fee or charge, and including any instrument tendered as full satisfaction of a disputed debt, must be in writing and must be sent to the following address, or to such other address as Lender may hereafter specify:

Windermere Services Company  
3424 Sand Point Way NE  
Seattle, WA 98105

Any such communication should include the name of Guarantor(s), a description of the dispute and the relief or remedy requested, and an address and telephone number where the person sending the notice can be contacted.

16. **SERVICE OF NOTICES AND PLEADINGS.** This Guaranty has been made and given with respect to commercial business transaction(s) negotiated, approved, and administered in the State of Washington, and Guarantor's and Borrower's business dealings with Lender in connection with the Loan have a material and substantial connection to the State of Washington. Guarantor agrees that delivery of any notice by Lender to Guarantor under this Guaranty, and the service of any pleadings or court papers by Lender on Guarantor in any action or proceeding on or relating to this Guaranty may be had by mailing or delivering the same to Guarantor at the address indicated on the signature page hereof.

17. **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 Borrower 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 Borrower with respect to the Guaranteed Obligations.

(c) This Guaranty may be executed in multiple counterparts, each counterpart shall be an original, but all counterparts together will constitute one and the same agreement. This Guaranty shall be binding on each person signing a counterpart of this Guaranty even though everyone listed in the Guaranty does not agree to the Guaranty.

(d) This agreement constitutes the entire agreement between Lender 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.

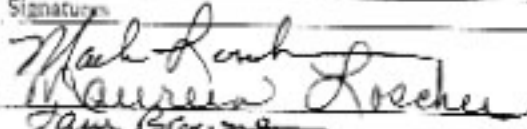
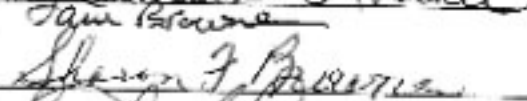
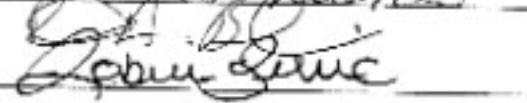

(e) If any provision of this Guaranty is invalid, illegal or unenforceable, such provision shall be considered severed from the rest of this Guaranty and the remaining provisions shall continue in full force and effect as if the invalid provision had not been included. This Guaranty may be changed, modified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

**NOTICES:**

**A. THIS GUARANTY AGREEMENT RESULTS IN YOUR WAIVER OF CERTAIN LEGAL RIGHTS AND DEFENSES, INCLUDING WITHOUT LIMITATION YOUR SUBROGATION RIGHTS AND ANY DEFENSES BASED ON THE WASHINGTON ANTI-DEFICIENCY JUDGMENT STATUTE, RCW 61.24.100, AND ANY DEFENSES BASED ON THE LENDER'S ELECTION OF REMEDIES. IT IS RECOMMENDED THAT YOU CONSULT YOUR OWN ATTORNEY BEFORE ENTERING INTO THIS AGREEMENT.**

**B. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

I clearly understand that lender does not have to pursue the Borrower 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 Borrower or any other Guarantor or obligated party does not make payment or is otherwise relieved of the obligation of making payment.

| Signature   | Print Name   | Date    |
|---|--|---------|
|  | Mark and Maureen Loscher, husband and wife and the marital community thereof   | 4-5-09  |
|  | James and Sharon Browne, husband and wife and the marital community thereof    | 4-11-09 |
|  | Robert and Robin Behic, husband and wife and the marital community thereof     | 4/8/09  |
|  | Larry and Barbara Anderson, husband and wife and the marital community thereof |         |



## PROMISSORY NOTE

|             |             |                  |
|-------------|-------------|------------------|
| \$96,112.29 | Seattle, WA | December 1, 2009 |
|-------------|-------------|------------------|

1. For value received, the undersigned MRJR, Inc., a California corporation d/b/a Windermere Exclusive Properties ("Maker") promises to pay to Windermere Real Estate Services Company, a Washington corporation doing business as Windermere Services Company ("Holder"), at 5424 Sand Point Way NE, Seattle, WA 98105, the principal sum of Ninety-six thousand one hundred twelve dollars and twenty-nine cents (\$96,112.29) with interest thereon from December 1, 2009 on unpaid principal at six percent per annum (6%).

2. Maker shall make thirty-six (36) payments of two thousand nine hundred twenty-three dollars and ninety-two cents (\$2,923.92) commencing on January 1, 2010, and continuing on the first day of each month thereafter. The full remaining balance owing under this note shall be due no later than December 1, 2012. All sums payable in lawful money of the United States of America.

3. If Maker fails to make any payment owed under this Note, then Holder may, at its option, declare all outstanding sums owed on this Note to be immediately due and payable, in addition to any other rights or remedies that Holder may have. This Note may not be transferred or negotiated by Holder to any third party.

4. Maker shall pay all costs incurred by Holder in collecting sums due under this Note after a default, including reasonable attorneys' fees, whether or not suit is brought. If Maker or Holder sues to enforce this Note or obtain a declaration of its rights hereunder, the prevailing party in any such proceeding shall be entitled to recover its reasonable attorneys' fees and costs incurred in the proceeding (including those incurred in any bankruptcy proceeding or appeal) from the non-prevailing party.

5. Maker waives presentment for payment, notice of dishonor, protest and notice of protest. No failure or delay by Holder in exercising Holder's rights under this Note shall be a waiver of such rights. If any clause or any other portion of this Note shall be determined to be void or unenforceable for any reason, such determination shall not affect the validity or enforceability of any other clause or portion of this Note, all of which shall remain in full force and effect. There are no verbal or other agreements which modify or affect the terms of this Note. This Note may not be modified or amended except by written agreement signed by Maker and Holder. This note shall be interpreted under the laws of the State of Washington. Venue for any action arising under this note shall be in the King County Superior Court in Seattle, Washington. Maker consents to jurisdiction and venue in said court.

6. Maker acknowledges that this loan is for business or commercial purposes only, and not for personal or household purposes. Each Maker executes this Note as a principal and not as a surety. If there is more than one Maker, each such Maker shall be jointly and severally liable under this Note. If Maker is an entity, then the individual signing on its behalf represents and warrants that he/she has authority to sign this note and bind the Maker. This Note is secured by a Personal Guaranty of even date.

MRJR, INC.

  
By Mark Loscher, its President



## UNCONDITIONAL GUARANTY OF PAYMENT

THIS UNCONDITIONAL GUARANTY OF PAYMENT ("Guaranty") is made as of December 1, 2009 by Mark and Maureen Loscher, husband and wife and the marital community thereof; James and Sharon Brown, husband and wife and the marital community thereof; Robert and Robin Behic, husband and wife and the marital community thereof; and Larry and Barbara Anderson, husband and wife and the marital community thereof (each a "Guarantor"), to Windermere Real Estate Services Company, a Washington corporation doing business as Windermere Services Company, and its successors, participants and assigns ("Lender").

### RECITALS:

A. Lender is the franchisor entity for Windermere Real Estate offices throughout the western United States, and owns the Windermere name, trademarks and associated intellectual property.

B. MRJR, Inc., a California corporation ("Borrower") on April 1, 2001 entered into a Windermere Real Estate License Agreement with Lender. The License granted Borrower the right to conduct its real estate brokerage business under the Windermere name and trademarks. In consideration of the license, Borrower agreed to pay certain ongoing franchise and other fees to Lender.

C. Borrower defaulted in payment of the franchise and other fees owed to Lender. Lender has extended various extensions, deferrals and other accommodations to Borrower.

D. Borrower is unable to pay all amounts owing to Lender in full immediately. Lender has agreed to accept a promissory note from Lender in lieu of immediate payment of the amounts owing, on the condition that the note be personally guaranteed by the principals of Borrower.

E. Accordingly, Borrower has now executed a Promissory Note of even date in the principal sum of \$96,112.29. The Note, this Guaranty, and all other agreements now or hereafter made by Borrower in connection with the Loan shall be collectively referred to as the "Loan Documents."

F. Guarantor has a financial or other interest in Borrower, will benefit from the making of the Loan by Lender, is familiar with and understands the terms and conditions of the Loan, the Loan Documents, and is satisfied with and approves the same in all respects without condition or reservation. As a material inducement to Lender to make the Loan, Guarantor has 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, to induce Lender to accept the Note to cure the defaults by Borrower under its Windermere franchise agreement, and to make the Loan to Borrower, 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 Borrower in connection with or relating to the Loan or any financial accommodations which Lender may from time-to-time extend or provide to or for the benefit of Borrower in connection with the Loan including, without limitation, all of Borrower's obligations to pay principal, interest, and other fees, charges, sums, costs, reimbursements and expenses which at any time may be owing under or in connection with the Loan, the Loan Documents, any business or financial accommodation made or provided in connection with the Loan, as any or all of them may from time to time be modified, amended, extended, renewed or restated.

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

3. **INDEPENDENT OBLIGATION.** This Guaranty is an independent obligation of 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 Borrower or any other Guarantor or other party, or whether Borrower 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. **WAIVERS.** Guarantor waives (a) notice of Lender's acceptance of this Guaranty; (b) notice of any advances made by Lender pursuant to any instrument or agreement giving rise to the Guaranteed Obligations; (c) any defense arising from or out of the exercise by Lender of any right or remedy it may have with respect to the Guaranteed Obligations; (d) grace, demand, presentment, notice of dishonor and protest with respect to the Guaranteed Obligations; (e) any defense based upon any change in the name, location, composition or structure of Borrower, or any change in the type of business conducted by Borrower, or any other change in the financial condition, identity or legal status of Borrower; (f) the benefit of suretyship defenses generally; and (g) any defense based upon any failure by Lender to obtain a similar guaranty from any other person or entity, or file a creditor's claim in the estate of any person or entity, including Borrower, whether in administration, bankruptcy or any other proceeding.

Guarantor acknowledges that Lender has no obligation to Guarantor to make further loans or advances to Borrower, or to see to the proper use and application of the funds so advanced. Guarantor understands that the Guaranteed Obligations and this Guaranty can involve substantial risks for Guarantor and agrees that Lender is not a trustee or fiduciary for Guarantor and undertakes no duty, obligation responsibility or special relationship to Guarantor to see to proper use and application of any loan or advance or otherwise to protect and not act adversely to Guarantor's interests. Any application or use of loan proceeds or advances for purposes other than those provided for in Borrower's agreements with Lender shall not defeat, limit or impair this Guaranty in whole or in part.

5. **RIGHTS OF LENDER.** Lender shall not be bound to exhaust its recourse or take any action against Borrower or against any other person or entity, or proceed against any collateral or against any particular collateral, but Lender may make such demands and take such actions as it deems advisable, and Lender, without affecting the liability of any Guarantor under this Guaranty, may with or without notice or consideration (i) release any other person or entity liable for all or any of the Guaranteed Obligations; (ii) extend the maturity, modify the terms, grant any indulgence or forbearance or postpone the time of payment or performance of all or any part of the Guaranteed Obligations or otherwise amend or modify the terms of any agreement or instrument giving rise to all or any of the Guaranteed Obligations; and (iii) release all or any part of the existing or any future security for the Guaranteed Obligations. All rights and remedies of Lender under this Guaranty, at law or in equity are separate and cumulative and may be pursued separately, successively, or concurrently, or not pursued, without affecting or limiting any other right or remedy of Lender and without affecting or impairing the liability of Guarantor under this Guaranty.

6. **WAIVER OF SUBROGATION AND REIMBURSEMENT RIGHTS.** Until the Guaranteed Obligations have been paid and performed in full, and to the fullest extent permitted by law, Guarantor releases and waives any claim, right or remedy which Guarantor may have against Borrower arising from this Guaranty and/or from the performance by Guarantor of Guarantor's obligations under this Guaranty, including any claim, remedy or right of subrogation, reimbursement, exoneration, contribution, indemnification or participation in any claim, right or remedy of Lender against Borrower, or any security which Lender now has or hereafter acquires, whether such claim, right or remedy arises under contract, by statute, under common law or otherwise.

7. **SUBORDINATION OF DEBT.** Any present or future indebtedness of Borrower to Guarantor is hereby unconditionally subordinated to the Guaranteed Obligations. Following written request by Lender, any payment of such indebtedness of Borrower to Guarantor shall be collected, enforced and received by Guarantor in trust for the benefit of Lender and promptly paid over to Lender on account of the Guaranteed Obligations, but without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Guaranty. Failure to remit shall be equivalent to misappropriation while acting in a fiduciary capacity so as to constitute a non-dischargeable debt under the U.S. Bankruptcy Code.

8. **GUARANTY SURVIVES EXERCISE OF LENDER'S REMEDIES.** Lender, at its option and in its sole discretion, may proceed against any collateral securing any of the Guaranteed Obligations by way of judicial or non-judicial foreclosure or any other lawful remedy for the enforcement of its rights, and the obligations of Guarantor under this Guaranty shall survive Lender's exercise of any such right or remedy. Guarantor understands that Lender's exercise of its rights and remedies including, without limitation, a non-judicial foreclosure of any deed of trust securing any of the Guaranteed Obligations could impair, eliminate or destroy subrogation, reimbursement, contribution, indemnification and other rights Guarantor may have against Borrower or others for amounts paid by Guarantor under this Guaranty; nevertheless, Guarantor hereby waives and relinquishes any claim or defense based upon the loss of any such rights, election of remedies, discharge and satisfaction of the Secured Obligations to the fullest extent permitted by law.

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

10. **CONTINUING GUARANTY.** This Guaranty covers any and all of the Guaranteed Obligations, whether presently outstanding or arising subsequent to the date of this Guaranty. This Guaranty shall continue until each and every Guaranteed Obligation is paid and performed in full. If at any time payment or performance of all or any part of the Guaranteed Obligations is rescinded or must otherwise be restored or returned by Lender as a result of the insolvency, bankruptcy or reorganization of Borrower or otherwise, this Guaranty shall be reinstated. Guarantor hereby assigns to Lender all rights against Borrower which Guarantor may have (whether or not related to the Guaranteed Obligations) in any proceedings under the United States Bankruptcy Code or in any receivership or other insolvency proceeding. This Guaranty is binding upon and enforceable against Guarantor and its, his or her heirs, devisees, personal representatives, successors and assigns. Each married individual who executes this Guaranty intends to bind both his or her separate estate and his or her marital community. This Guaranty is intended for and shall be binding upon and inure to the benefit of Lender and each and every person or entity who, by assignment, endorsement, participation agreement or otherwise, succeeds to all or any part of Lender's rights under the Guaranteed Obligations, irrespective whether such transfer is voluntary or involuntary or occurs for operation of law. Guarantor shall not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of all or a material part of Guarantor's assets or of any interest therein.

11. **FINANCIAL INFORMATION AND STATEMENTS.** Guarantor shall keep and maintain, at Guarantor's address stated below, or at such other place as Lender may approve in writing, complete, current and accurate financial and accounting information for Guarantor, subject to examination and copying at any reasonable time by Lender. All financial statements shall be prepared in accordance with generally accepted accounting principles, consistently applied. Guarantor shall prepare and provide to Lender financial statements, copies of tax returns, and other financial information in the form and at the times required by Lender. Guarantor authorizes and directs Lender, as Lender deems necessary, from time-to-time to obtain credit report(s) concerning Guarantor in connection with this Guaranty, or in connection with the making, administration, renewal or collection of the Loan or any other of the Guaranteed Obligations.

12. **GOVERNING LAW; JURISDICTION; VENUE.** This Guaranty shall be governed by and construed in accordance with the laws of the State of Washington. Guarantor hereby submits irrevocably to the non-exclusive jurisdiction and venue of any state or federal court in the State of Washington selected by Lender in any action relating to or arising out of the enforcement or interpretation of this Guaranty and Guarantor hereby irrevocably agrees that all claims in respect to any such action or proceeding may be heard and determined in such

Washington State Court or such United States District Court sitting in the State of Washington and to all the courts to which an appeal may be taken from such courts. Guarantor expressly waives, to the fullest extent it may effectively do so under applicable law, any objection it may at any time have: (a) as to venue in such courts; (b) that any action or proceeding therein has been brought in an inconvenient forum; (c) that any such court lacks jurisdiction over it; or (d) as to service of process upon it in accordance with applicable law.

13. **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 Lender in connection with the enforcement or collection from Borrower of all or any of the Guaranteed Obligations, or any security therefor, 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.

14. **REPRESENTATIONS AND WARRANTIES.** Guarantor represents and warrants to Lender that Guarantor is a principal of Borrower or otherwise financially interested in Borrower, and (a) is adequately informed of the financial condition of Borrower, and Borrower's operations and properties, (b) is familiar with and will stay informed regarding the terms and conditions of the Loan and the other Guaranteed Obligations, and of Borrower's resources and plans for payment and performance of the Guaranteed Obligations, (c) has not relied on any financial or other information provided by Lender, if any, about Borrower, Borrower's operations and activities, properties or prospects, and (d) does not expect Lender to provide and waives any duty on the part of Lender to provide any such information in the future including, without limitation, adverse information about the Borrower or its activities or about any collateral for any of the Guaranteed Obligations which Lender may possess or acquire and which may not be available to Guarantor. Guarantor acknowledges that Lender is under no obligation to make the Loan or provide other business and financial accommodations to Borrower without this Guaranty and would not do so without this Guaranty.

15. **DISPUTED OBLIGATIONS.** All communications concerning disputed debts and obligations of Guarantor under this Guaranty, including without limitation disputes as to the amount of any payment, fee or charge, and including any instrument tendered as full satisfaction of a disputed debt, must be in writing and must be sent to the following address, or to such other address as Lender may hereafter specify:

Windermere Services Company  
5424 Sand Point Way NE  
Seattle, WA 98105

Any such communication should include the name of Guarantor(s), a description of the dispute and the relief or remedy requested, and an address and telephone number where the person sending the notice can be contacted.

16. **SERVICE OF NOTICES AND PLEADINGS.** This Guaranty has been made and given with respect to commercial business transaction(s) negotiated, approved, and administered in the State of Washington, and Guarantor's and Borrower's business dealings with Lender in connection with the Loan have a material and substantial connection to the State of Washington. Guarantor agrees that delivery of any notice by Lender to Guarantor under this Guaranty, and the service of any pleadings or court papers by Lender on Guarantor in any action or proceeding on or relating to this Guaranty may be had by mailing or delivering the same to Guarantor at the address indicated on the signature page hereof.

17. **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 Borrower 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 Borrower with respect to the Guaranteed Obligations.

(c) This Guaranty may be executed in multiple counterparts, each counterpart shall be an original, but all counterparts together will constitute one and the same agreement. This Guaranty shall be binding on each person signing a counterpart of this Guaranty even though everyone listed in the Guaranty does not agree to the Guaranty.

(d) This agreement constitutes the entire agreement between Lender 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.

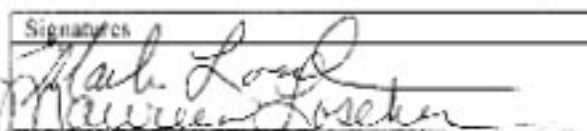
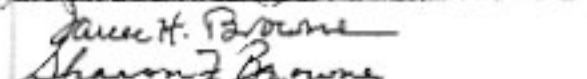
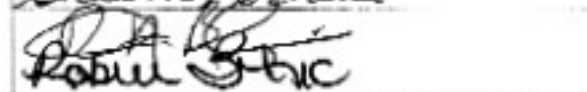
(e) If any provision of this Guaranty is invalid, illegal or unenforceable, such provision shall be considered severed from the rest of this Guaranty and the remaining provisions shall continue in full force and effect as if the invalid provision had not been included. This Guaranty may be changed, modified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

**NOTICES:**

**A. THIS GUARANTY AGREEMENT RESULTS IN YOUR WAIVER OF CERTAIN LEGAL RIGHTS AND DEFENSES, INCLUDING WITHOUT LIMITATION YOUR SUBROGATION RIGHTS AND ANY DEFENSES BASED ON THE WASHINGTON ANTI-DEFICIENCY JUDGMENT STATUTE, RCW 61.24.100, AND ANY DEFENSES BASED ON THE LENDER'S ELECTION OF REMEDIES. IT IS RECOMMENDED THAT YOU CONSULT YOUR OWN ATTORNEY BEFORE ENTERING INTO THIS AGREEMENT.**

**B. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.**

I clearly understand that lender does not have to pursue the Borrower 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 Borrower or any other Guarantor or obligated party does not make payment or is otherwise relieved of the obligation of making payment.

| Signatures  | Print Name   | Date               |
|---|--|--------------------|
|  | Mark and Maureen Loscher, husband and wife and the marital community thereof   | 1/13/09            |
|  | James and Sharon Browne, husband and wife and the marital community thereof    | 1/12/10            |
|  | Robert and Robin Hehic, husband and wife and the marital community thereof     | 1/12/10<br>1/19/10 |
|   | Larry and Barbara Anderson, husband and wife and the marital community thereof |                    |

**SUMMONS  
(CITACION JUDICIAL)**

**NOTICE TO DEFENDANT:  
(AVISO AL DEMANDADO):**

LIFESTYLES SERVICES CORP., a California corporation;  
[ADDITIONAL PARTIES ATTACHMENT FORM IS ATTACHED]

**YOU ARE BEING SUED BY PLAINTIFF:  
(LO ESTÁ DEMANDANDO EL DEMANDANTE):**

WINDERMERE REAL ESTATE SERVICES COMPANY,  
a Washington corporation, and WINDERMERE SERVICES  
SOUTHERN CALIFORNIA, INC., a California corporation

CIVIL  
FOR COURT USE ONLY  
(SOLO PARA USO DE LA CORTE)

2011 APR 15 A 0:21

**NOTICE!** You have been sued. The court may decide against you without your being heard unless you respond within 30 days. Read the information below.

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), or by contacting your local court or county bar association. **NOTE:** The court has a statutory lien for waived fees and costs on any settlement or arbitration award of \$10,000 or more in a civil case. The court's lien must be paid before the court will dismiss the case. **(AVISO! Lo han demandado. Si no responde dentro de 30 días, la corte puede decidir en su contra sin escuchar su versión. Lea la información a continuación.)**

Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California ([www.sucorte.ca.gov](http://www.sucorte.ca.gov)), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.

Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), en el Centro de Ayuda de las Cortes de California ([www.sucorte.ca.gov](http://www.sucorte.ca.gov)) o poniéndose en contacto con la corte o el colegio de abogados locales. **AVISO:** Por ley, la corte tiene derecho a reclamar las cuotas y los costos exentos por imponer un gravamen sobre cualquier recuperación de \$10,000 o más de valor recibida mediante un acuerdo o una concesión de arbitraje en un caso de derecho civil. Tiene que pagar el gravamen de la corte antes de que la corte pueda desechar el caso.

The name and address of the court is:  
(El nombre y dirección de la corte es) Superior Court of California, San Diego  
Central Division- 330 West Broadway, San Diego, CA 92101

CASE NUMBER:  
(Número de Caso)  
**37-2011-00089709-CU-BC-CTL**

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:  
(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):  
Timothy R. Pestotnik, 501 West Broadway, Suite 1850 San Diego, CA 92101 - (619) 237-5080

DATE: April 15, 2011  
(Fecha)

Clerk, by *B. Follis* **B. FOLLIS** Deputy  
(Secretaria) (Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)  
(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010))



**NOTICE TO THE PERSON SERVED: You are served**

- as an individual defendant.
- as the person sued under the fictitious name of (specify):
- on behalf of (specify):  
under:  CCP 416.10 (corporation)  CCP 416.00 (minor)  
 CCP 416.20 (defunct corporation)  CCP 416.70 (conservatee)  
 CCP 416.40 (association or partnership)  CCP 416.90 (authorized person)  
 other (specify):
- by personal delivery on (date)

|   |             |
|---|-------------|
| SHORT TITLE:<br>Windermere Real Estate Services Company, et al v. Lifestyles Services Corp., et al. | CASE NUMBER |
|---|-------------|

## INSTRUCTIONS FOR USE

- ➔ This form may be used as an attachment to any summons if space does not permit the listing of all parties on the summons.
- ▶ If this attachment is used, insert the following statement in the plaintiff or defendant box on the summons: "Additional Parties Attachment form is attached."

List additional parties (Check only one box. Use a separate page for each type of party.):

Plaintiff     Defendant     Cross-Complainant     Cross-Defendant

LIFESTYLES SERVICES SOI ANA BEACH/RSF CORP., a California corporation;

MRJR, Inc., a California corporation;

STEPHEN D. RODGERS, an individual;

MARK LOSCHER, an individual;

MAURFEN LOSCHER, an individual;

JAMES BROWNE, an individual;

SHARON BROWNE, an individual;

LARRY ANDERSON, an individual;

BARBARA ANDERSON, an individual;

ROBERT BEHIC, an individual;

ROBIN BEHIC, an individual;

and DOES 1 through 50

|   |  |   |
|---|--|---|
| ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address)<br><b>PUSTOTNIK - GOLD LLP</b><br>Timothy R. Pestotnik, Esq. (SBN 124919)<br>Russell A. Gold, Esq. (SBN 179498)<br>501 West Broadway, Suite 1850, San Diego, California 92101<br>TEL/FAX NO: (619) 237-5080 FAX NO: (619) 342-8020 |  | CIVIL<br>APR 15 A 9:22<br>#00089709   |
| SUPERIOR COURT OF CALIFORNIA, COUNTY OF <b>San Diego</b><br>STREET ADDRESS: <b>330 West Broadway</b><br>MAILING ADDRESS:<br>CITY AND ZIP CODE: <b>San Diego, 92101</b><br>BRANCH NAME: <b>Central - Hall of Justice</b>   |  |   |
| CASE NAME:<br><b>Windermere Real Estate Services Company, et al v. Lifestyles Services Corp., et al.</b>  |  |   |
| <b>CIVIL CASE COVER SHEET</b><br><input checked="" type="checkbox"/> <b>Unlimited</b><br>(Amount demanded exceeds \$25,000)   | <input type="checkbox"/> <b>Limited</b><br>(Amount demanded is \$25,000 or less) | <b>Complex Case Designation</b><br><input type="checkbox"/> <b>Counter</b> <input type="checkbox"/> <b>Joinder</b><br>Filed with first appearance by defendant<br>(Cal. Rules of Court, rule 3.402) |
|   |  | CASE NUMBER:<br><b>37-2011-00089709-CU-BC-CTL</b>   |
|   |  | JUDGE:<br>DEPT:   |

Items 1 - 6 below must be completed (see instructions on page 2)

1. Check **one** box below for the case type that best describes this case:

|   |  |  |
|---|--|--|
| <b>Auto Tort</b><br><input type="checkbox"/> Auto (22)<br><input type="checkbox"/> Uninsured motorist (46)  | <b>Contract</b><br><input checked="" type="checkbox"/> Breach of contract/warranty (06)<br><input type="checkbox"/> Rule 3.740 collections (10)<br><input type="checkbox"/> Other collections (09)<br><input type="checkbox"/> Insurance coverage (18)<br><input type="checkbox"/> Other contract (37) | <b>Provisionally Complex Civil Litigation</b><br>(Cal. Rules of Court, rules 3.400-3.403)<br><input type="checkbox"/> Antitrust/Trade regulation (03)<br><input type="checkbox"/> Construction defect (10)<br><input type="checkbox"/> Mass tort (40)<br><input type="checkbox"/> Securities litigation (29)<br><input type="checkbox"/> Environmental/Toxic tort (30)<br><input type="checkbox"/> Insurance coverage claims arising from the above listed provisionally complex case types (41) |
| <b>Other PIP/D/W (Personal Injury/Property Damage/Wrongful Death) Tort</b><br><input type="checkbox"/> Asbestos (04)<br><input type="checkbox"/> Product liability (24)<br><input type="checkbox"/> Medical malpractice (45)<br><input type="checkbox"/> Other PIP/D/W (23)   | <b>Real Property</b><br><input type="checkbox"/> Eminent domain/inverse condemnation (14)<br><input type="checkbox"/> Wrongful eviction (03)<br><input type="checkbox"/> Other real property (25)  | <b>Enforcement of Judgment</b><br><input type="checkbox"/> Enforcement of judgment (20)  |
| <b>Non-PIP/D/W (Other) Tort</b><br><input type="checkbox"/> Business tort/unfair business practice (07)<br><input type="checkbox"/> Civil rights (08)<br><input type="checkbox"/> Detention (13)<br><input type="checkbox"/> Fraud (16)<br><input type="checkbox"/> Intellectual property (19)<br><input type="checkbox"/> Professional negligence (28)<br><input type="checkbox"/> Other non PIP/D/W tort (35) | <b>Unlawful Detainer</b><br><input type="checkbox"/> Commercial (31)<br><input type="checkbox"/> Residential (32)<br><input type="checkbox"/> Drugs (38)   | <b>Miscellaneous Civil Complaint</b><br><input type="checkbox"/> RICO (27)<br><input type="checkbox"/> Other complaint (not specified above) (42)  |
| <b>Employment</b><br><input type="checkbox"/> Wrongful termination (36)<br><input type="checkbox"/> Other employment (15)   | <b>Judicial Review</b><br><input type="checkbox"/> Asset forfeiture (05)<br><input type="checkbox"/> Petition re: arbitration award (11)<br><input type="checkbox"/> Writ of mandate (02)<br><input type="checkbox"/> Other judicial review (39)   | <b>Miscellaneous Civil Petition</b><br><input type="checkbox"/> Partnership and corporate governance (21)<br><input type="checkbox"/> Other petition (not specified above) (43)  |

2. This case  is  is not complex under rule 3.400 of the California Rules of Court. If the case is complex, mark the factors requiring exceptional judicial management:
- |  |  |
|--|--|
| a. <input type="checkbox"/> Large number of separately represented parties   | d. <input type="checkbox"/> Large number of witnesses  |
| b. <input type="checkbox"/> Extensive motion practice raising difficult or novel issues that will be time-consuming to resolve | e. <input type="checkbox"/> Coordination with related actions pending in one or more courts in other counties, states, or countries, or in a federal court |
| c. <input type="checkbox"/> Substantial amount of documentary evidence   | f. <input type="checkbox"/> Substantial postjudgment judicial supervision  |
3. Remedies sought (check all that apply): a.  monetary    b.  nonmonetary; declaratory or injunctive relief    c.  punitive
4. Number of causes of action (specify): 6
5. This case  is  is not a class action suit.
6. If there are any known related cases, file and serve a motion of related cases. (You may use form CM 015.)

Date: April 15, 2011  
 Russell A. Gold, Esq.

(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY FOR PARTY)

### NOTICE

- Plaintiff must file this cover sheet with the first paper filed in the action or proceeding (except small claims cases or cases filed under the Probate Code, Family Code, or Welfare and Institutions Code). (Cal. Rules of Court, rule 3.220.) Failure to file may result in sanctions.
- File this cover sheet in addition to any cover sheet required by local court rule.
- If this case is complex under rule 3.400 of the California Rules of Court, you must serve a copy of this cover sheet on **all** other parties to the action or proceeding.
- Unless this is a collections case under rule 3.740 or a complex case, this cover sheet will be used for statistical purposes only.

Page 1 of 2

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO**

STREET ADDRESS: 330 West Broadway  
 MAILING ADDRESS: 330 West Broadway  
 CITY AND ZIP CODE: San Diego, CA 92101  
 BRANCH NAME: Central  
 TELEPHONE NUMBER: (619) 450-7064

PLAINTIFF(S) / PETITIONER(S): Windemere Real Estate Services Company et al.

DEFENDANT(S) / RESPONDENT(S): Lifestyles Servies Corp et al.

WINDEMERE REAL ESTATE SERVICES COMPANY VS LIFESTYLES SERVIES CORP

**NOTICE OF CASE ASSIGNMENT**

CASE NUMBER

37-2011-00089709-CU-BC-CTL

Judge: William R. Nevitt, Jr.

Department: C-64

**COMPLAINT/PETITION FILED:** 04/15/2011

**CASES ASSIGNED TO THE PROBATE DIVISION ARE NOT REQUIRED TO COMPLY WITH THE CIVIL REQUIREMENTS LISTED BELOW**

IT IS THE DUTY OF EACH PLAINTIFF (AND CROSS-COMPLAINANT) TO SERVE A COPY OF THIS NOTICE WITH THE COMPLAINT (AND CROSS-COMPLAINT), THE ALTERNATIVE DISPUTE RESOLUTION (ADR) INFORMATION FORM (SDSC FORM #CIV-730), A STIPULATION TO USE ALTERNATIVE DISPUTE RESOLUTION (ADR) (SDSC FORM #CIV-359), AND OTHER DOCUMENTS AS SET OUT IN SDSC LOCAL RULE 2.1.5.

ALL COUNSEL WILL BE EXPECTED TO BE FAMILIAR WITH SUPERIOR COURT RULES WHICH HAVE BEEN PUBLISHED AS DIVISION II, AND WILL BE STRICTLY ENFORCED.

**TIME STANDARDS:** The following timeframes apply to general civil cases and must be adhered to unless you have requested and been granted an extension of time. General civil cases consist of all civil cases except: small claims proceedings, civil petitions, unlawful detainer proceedings, probate, guardianship, conservatorship, juvenile, and family law proceedings.

**COMPLAINTS:** Complaints and all other documents listed in SDSC Local Rule 2.1.5 must be served on all named defendants, and a Certificate of Service (SDSC form #CIV-345) filed within 60 days of filing.

**DEFENDANT'S APPEARANCE:** Defendant must generally appear within 30 days of service of the complaint. (Plaintiff may stipulate to no more than 15 day extension which must be in writing and filed with the Court.) (SDSC Local Rule 2.1.6)

**DEFAULT:** If the defendant has not generally appeared and no extension has been granted, the plaintiff must request default within 45 days of the filing of the Certificate of Service. (SDSC Local Rule 2.1.7)

**CASE MANAGEMENT CONFERENCE:** A Case Management Conference will be set within 150 days of filing the complaint.

**ALTERNATIVE DISPUTE RESOLUTION (ADR):** THE COURT ENCOURAGES YOU TO CONSIDER UTILIZING VARIOUS ALTERNATIVES TO TRIAL, INCLUDING MEDIATION AND ARBITRATION, PRIOR TO THE CASE MANAGEMENT CONFERENCE. PARTIES MAY FILE THE ATTACHED STIPULATION TO USE ALTERNATIVE DISPUTE RESOLUTION (SDSC FORM #CIV-359).

YOU MAY ALSO BE ORDERED TO PARTICIPATE IN ARBITRATION. IF THE CASE IS ORDERED TO ARBITRATION PURSUANT TO CODE CIV. PROC. 1411.11, THE COSTS OF ARBITRATION WILL BE PAID BY THE COURT PURSUANT TO CODE CIV. PROC. 1141.28

FOR MORE INFORMATION, SEE THE ATTACHED ALTERNATIVE DISPUTE RESOLUTION (ADR) INFORMATION FORM (SDSC FORM #CIV-730)

## INSTRUCTIONS ON HOW TO COMPLETE THE COVER SHEET

**To Plaintiffs and Others Filing First Papers.** If you are filing a first paper (for example, a complaint) in a civil case, you must complete and file, along with your first paper, the *Civil Case Cover Sheet* contained on page 1. This information will be used to compile statistics about the types and numbers of cases filed. You must complete items 1 through 6 on the sheet. In item 1, you must check **one** box for the case type that best describes the case. If the case fits both a general and a more specific type of case listed in item 1, check the more specific one. If the case has multiple causes of action, check the box that best indicates the **primary** cause of action. To assist you in completing the sheet, examples of the cases that belong under each case type in item 1 are provided below. A cover sheet must be filed only with your initial paper. Failure to file a cover sheet with the first paper filed in a civil case may subject a party, its counsel, or both to sanctions under rules 2.30 and 3.220 of the California Rules of Court.

**To Parties in Rule 3.740 Collections Cases.** A "collections case" under rule 3.740 is defined as an action for recovery of money owed in a sum stated to be certain that is not more than \$25,000, exclusive of interest and attorney's fees, arising from a transaction in which property, services, or money was acquired on credit. A collections case does not include an action seeking the following: (1) tort damages, (2) punitive damages, (3) recovery of real property, (4) recovery of personal property, or (5) a prejudgment writ of attachment. The identification of a case as a rule 3.740 collections case on this form means that it will be exempt from the general time for service requirements and case management rules, unless a defendant files a responsive pleading. A rule 3.740 collections case will be subject to the requirements for service and obtaining a judgment in rule 3.740.

**To Parties in Complex Cases.** In complex cases only, parties must also use the *Civil Case Cover Sheet* to designate whether the case is complex. If a plaintiff believes the case is complex under rule 3.400 of the California Rules of Court, this must be indicated by completing the appropriate boxes in items 1 and 2. If a plaintiff designates a case as complex, the cover sheet must be served with the complaint on all parties to the action. A defendant may file and serve no later than the time of its first appearance a order in the plaintiff's designation, a counter-designation that the case is not complex, or if the plaintiff has made no designation, a designation that the case is complex.

## CASE TYPES AND EXAMPLES

## Auto Tort

Auto (22)—Personal Injury/Property Damage/Wrongful Death  
Uninsured Motorist (46) (if the case involves an uninsured motorist claim subject to arbitration, check this item instead of Auto)

## Other PIPD/W (Personal Injury/Property Damage/Wrongful Death) Tort

Asbestos (34)  
Asbestos Property Damage  
Asbestos Personal Injury/  
Wrongful Death  
Product Liability (not asbestos or toxic/environmental) (24)  
Medical Malpractice (45)  
Medical Malpractice—  
Physicians & Surgeons  
Other Professional Health Care  
Malpractice  
Other PIPD/W (23)  
Promisors Liability (e.g., slip and fall)  
Intentional Bodily Injury/PI/D/W (e.g., assault, vandalism)  
Intentional Infliction of  
Emotional Distress  
Negligent Infliction of  
Emotional Distress  
Other PIPD/W

## Non-PIP/W (Other) Tort

Business Tort/Unfair Business  
Practice (37)  
Civil Rights (e.g., discrimination, false arrest) (not civil harassment) (38)  
Defamation (e.g., slander, libel) (13)  
Fraud (16)  
Intellectual Property (19)  
Professional Negligence (25)  
Legal Malpractice  
Other Professional Malpractice (not medical or legal)  
Other Non-PIP/W (Other) Tort (36)

## Employment

Wrongful Termination (36)  
Other Employment (15)

## Contract

Breach of Contract/Warranty (36)  
Breach of Rental/Lease  
Contract (not unlawful detainer or wrongful eviction)  
Contract/Warranty Breach—Seller  
Plaintiff (not fraud or negligence)  
Newspaper Breach of Contract/  
Warranty  
Other Breach of Contract/Warranty  
Collections (e.g., money owed, open bank accounts) (39)  
Collection Case—Seller Plaintiff  
Other Promissory Note/Collections  
Case  
Insurance Coverage (not provisionally complex) (18)  
Auto Subrogation  
Other Coverage  
Other Contract (37)  
Contractual Fraud  
Other Contract Dispute

## Real Property

Eminent Domain/Inverse  
Condemnation (14)  
Wrongful Eviction (32)  
Other Real Property (e.g., quiet title) (26)  
Writ of Possession of Real Property  
Mortgage Foreclosure  
Quiet Title  
Other Real Property (not eminent domain, landlord/tenant, or foreclosure)

## Unlawful Detainer

Commercial (31)  
Residential (32)  
Drugs (38) (if the case involves illegal drugs, check this item; otherwise, report as Commercial or Residential)

## Judicial Review

Asset Forfeiture (35)  
Petition Re: Arbitration Award (11)  
Writ of Mandate (37)  
Writ—Administrative Mandamus  
Writ—Mandamus on Limited Court  
Case Matter  
Writ—Other Limited Court Case  
Review  
Other Judicial Review (39)  
Review of Health Officer Order  
Notice of Appeal—Labor  
Commissioner Appeal

## Provisionally Complex Civil Litigation (Cal. Rules of Court Rules 3.400–3.403)

Antitrust/Trade Regulation (33)  
Construction Defect (10)  
Claims Involving Mass Tort (40)  
Securities Litigation (28)  
Environmental/Toxic Tort (30)  
Insurance Coverage Claims (arising from provisionally complex case type listed above) (41)

## Enforcement of Judgment

Enforcement of Judgment (24)  
Abstract of Judgment (Out of  
County)  
Confession of Judgment (non-  
domestic relations)  
Sister State Judgment  
Administrative Agency Award  
(not unpaid taxes)  
Petition/Certification of Entry of  
Judgment on Unpaid Taxes  
Other Enforcement of Judgment  
Case

## Miscellaneous Civil Complaint

RICO (27)  
Other Complaint (not specified  
above) (42)  
Declaratory Relief Only  
Injunctive Relief Only (non-  
harassment)  
Mechanics Lien  
Other Commercial Complaint  
Case (non-tort/non-complex)  
Other Civil Complaint  
(non-tort/non-complex)

## Miscellaneous Civil Petition

Partnership and Corporate  
Governance (21)  
Other Petition (not specified  
above) (43)  
Civil Harassment  
Workplace Violence  
Elder/Dependent Adult  
Abuse  
Election Contest  
Petition for Name Change  
Petition for Relief From Late  
Claim  
Other Civil Petition