

## MEGA-ASSOCIATE OFFICE ADDENDUM TO FRANCHISE AGREEMENT

THIS MEGA-ASSOCIATE OFFICE ADDENDUM (“Addendum”) between Keller Williams Realty, LLC, (f/k/a Keller Williams Realty, Inc.) (“Franchisor”), (“Franchisee”), (“Franchisee’s Operating Principal”), and (“Mega-Associate”) is for the purpose of adding terms to the Franchise Agreement, dated , as amended (the “Franchise Agreement”), for Keller Williams Market Center # (the “Market Center”) as set forth herein. All capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Franchise Agreement. This Addendum forms an integral part of the Franchise Agreement. Except to the extent expressly stated herein, all provisions of the Franchise Agreement will remain in effect, and this Addendum will not modify or change any term, condition, right, or obligation under the Franchise Agreement. This Addendum is effective as of the date Franchisor executes it (“Effective Date”).

WHEREAS, the Franchise Agreement authorizes Franchisee to operate the Market Center and to use Franchisor’s proprietary System only at the location identified in the Franchise Agreement; and

WHEREAS, Mega-Associate is a licensed real estate associate who is affiliated with the Market Center; and

WHEREAS, Mega-Associate wants to open a Mega-Associate Office at a location outside the Market Center; and

WHEREAS, Franchisee has requested authorization from Franchisor to permit Mega-Associate to establish and operate a Mega-Associate Office at the address set forth below in Section 1(a) of this Addendum; and

WHEREAS, Franchisee has provided Franchisor copies of state or provincial laws and regulations that govern the operation of mega-associate offices in the state in which the Market Center is located, and Franchisee represents there is no prohibition or substantial restrictions on the operation of such offices in that state or province; and

WHEREAS, Franchisee has paid, and Franchisor acknowledges receipt of, the \$2,500 Mega-Associate Office fee; and

WHEREAS, Franchisor is willing to provide the authorization on the terms and conditions this Addendum states;

NOW THEREFORE, in consideration of the undertakings and commitments set forth herein, the parties agree as follows:

### 1. Authorization to Operate a Mega-Associate Office.

(a) Subject to the terms and conditions stated in this Addendum, Franchisor authorizes Mega-Associate to establish and operate a Mega-Associate Office at the address set forth below in this Section 1(a) (the “Office”) and to use the Trademarks and the System in connection with the Office’s operation.

Office Location:  
**Mega Associate Office:**

Phone:

(b) Franchisee is responsible to Franchisor with respect to Mega-Associate's operations at the Office. Except as otherwise stated in this Addendum, all of the conditions, standards, obligations and duties that the Franchise Agreement imposes on Franchisee's Associates in connection with the operation of the Market Center will also apply to Mega-Associate's Associates conducting business in the Office. Mega-Associate undertakes to observe and abide by all such Associate-related conditions, standards, obligations and duties (including, but not limited to, the reporting of all transactions through the Market Center's accounting and processing systems and collection of the standard royalty assessed to each of Mega-Associate's Associates for payment to Franchisor), and Franchisee undertakes to ensure that Mega-Associate complies with Mega-Associate's undertaking with respect to its Associates. Franchisee and Mega-Associate have or will execute an independent contractor agreement, and Mega-Associate has or will execute a team agreement with each of its Associates outlining such Associate's compensation. Franchisee and Mega-Associate will make these agreements available to Franchisor upon request.

2. **Use of the Office; Lease and Signage; Copyrighted Material.**

- (a) Mega-Associate may operate the Office only at the location identified in Section 1(a).
- (b) Provided that the Market Center has given its prior written consent, Mega-Associate may allow sales associates and support staff who are not affiliated with or do not report to Mega-Associate to office at or conduct business from the Office so long as they are not conducting business for a competitor of Franchisor. All sales associates affiliated with the Mega-Associate must be registered under the Market Center's agent roster.
- (c) The Office must feature such signage and other uses of the Trademarks as Franchisor from time to time designates as appropriate for Mega-Associate Offices. The exterior sign for the Office must feature the Trademarks and indicate that Mega-Associate is affiliated with Franchisee. All signage must be approved by Franchisor prior to installation.
- (d) Mega-Associate acknowledges and agrees that the Brand Standards Manuals, the MC Operating Software and other related proprietary materials associated with the System are licensed by Franchisor directly to Franchisee under the Franchise Agreement, are deemed Copyrighted Material under the Franchise Agreement and are and will remain the sole property of Franchisor. Mega-Associate's use of such Copyrighted Material and related technology and information systems in connection with the operation of the Office is derived solely from and subject to Franchisee's decision to associate with Mega-Associate under this Addendum, and Mega-Associate will sign any such documents presented to it reflecting its acknowledgements regarding such ownership and limitations on its rights of use.

3. **Advertising Restriction.**

Mega-Associate may not advertise or promote the existence or location of the Office without the Market Center's prior written consent, which consent will be subject to the Market Center's confirmation that the advertising or promotion is otherwise consistent with Franchisor's then current standards for Mega-Associate Office advertisements and promotions using the Trademarks.

4. **Accounting Requirements.**

Franchisee will include all commission revenue and other revenue the Office generates in the Market Center's Gross Revenues for purposes of calculating Production Royalty, profits and Profit Sharing Contributions.

5. **Reviews.**

On an annual basis, and at other times reasonably convenient to Franchisor, Franchisee and Mega-Associate, Franchisor may review the records of the Office's operations and, at Franchisor's option, may conduct a visual inspection of the Office premises. Franchisee and Mega-Associate will implement any changes to the Office's operations that Franchisor recommends to bring the Office into compliance with then-current System standards for Mega-Associate Offices. At Franchisor's request, but not more than once each five years, Mega-Associate will also renovate and modernize the Office in a manner satisfactory to Franchisor and in accordance with then-current System standards for Mega-Associate Offices.

6. **Term and Termination.**

(a) **Initial Term.** The term of this Addendum commences on the Effective Date and will continue for a period of three (3) years thereafter, unless earlier terminated in accordance with this Addendum.

(b) **Renewal Terms.** Upon the expiration of the Initial Term, this Addendum will automatically renew for additional successive three (3) year terms, unless either Franchisee or Mega-Associate gives one-hundred and twenty (120) days' prior written notice of non-renewal to the other parties hereto. If either Franchisee or Mega-Associate provides timely notice of its intent not to renew this Addendum, this Addendum terminates on the expiration of the then-current term, unless earlier terminated in accordance with this Addendum.

(c) **Termination.**

(i) This Addendum will terminate automatically and without notice if the Franchise Agreement terminates.

(ii) Franchisor may terminate this Addendum and Mega-Associate's right to operate the Office by written notice to Franchisee if any law or regulation is passed or issued that is likely, in Franchisor's sole discretion, to have a material adverse effect on Franchisor and its business and/or the operations of the Market Center or the Office.

(iii) Franchisor may terminate this Addendum and Mega-Associate's right to operate the Office on thirty (30) days' written notice if, in Franchisor's sole discretion, the continued operation of the Office or the Office's continued affiliation with the Market Center is likely to have an adverse effect on the profitability, financial stability or operations of the Market Center.

(iv) Franchisor may terminate this Addendum and Mega-Associate's right to operate the Office on account of failure by Franchisee or Mega-Associate to comply with any term or condition of this Addendum or the Franchise Agreement. If the Office is located outside the boundaries of the Market Center's Awarded Area and Franchisor decides to grant a franchise for a Market Center that encompasses the Office location, this Addendum will terminate as of the effective date of the franchise agreement for the newly created Market Center. Nothing in this Addendum gives Franchisee or Mega-Associate any claim or preferential right with respect to any territory that lies outside the boundaries of the Market Center's Awarded Area.

(v) All of the terms, conditions, obligations, and duties imposed on Franchisee in connection with the termination of the Franchise Agreement also apply in relation to the termination of this Addendum or closure of the Office.

(vi) Upon termination of this Addendum, Mega-Associate shall take all steps necessary to de-identify and ensure that the Office premises no longer resemble a Mega-Associate Office including, without limitation, removing all signs and other uses of the Trademarks from the Office premises.

**7. Indemnification.**

Franchisee and Mega-Associate will, at all times, indemnify and hold harmless, to the fullest extent permitted by law, Franchisor and its current and former officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, Regional Representatives, predecessors, successors and assigns (collectively, the “Indemnitees”) from all Losses and Expenses (as defined in the Franchise Agreement) incurred in connection with any Claims (defined below) which arise out of or are based upon (i) any alleged acts, errors, or omissions of Franchisee and/or Mega-Associate, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees, in connection with the establishment and operation of the Office pursuant to this Addendum or (ii) the bringing of any Claim released under this Addendum by any Releasing Party (defined below) and/or any members of Franchisee’s Group. Franchisee and Mega-Associate (as applicable) agree to give Franchisor timely notice of any such Claims that may arise. At the expense and risk to Franchisee and/or Mega-Associate (as applicable), Franchisor may elect to hire (but under no circumstance is the Franchisor obligated to undertake) or elect counsel of its own choosing with respect to, the defense and/or settlement of any such Claims. Such an undertaking by Franchisor will, in no manner or form, diminish the Franchisee’s and/or Mega-Associate’s (as applicable) obligation to indemnify the Indemnitees and to hold them harmless. In order to protect persons or property, or Franchisor’s reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to such Claims if, in its sole judgment, there are reasonable grounds to believe that (1) any of the acts or circumstances enumerated in this Section have occurred or; (2) any act, error, or omission as described in this Section may result directly or indirectly in damage, injury, or harm to any entity, person or any property. All Losses and Expenses incurred under this Section will be chargeable to and paid by Franchisee and/or Mega-Associate (as applicable) pursuant to their obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense. Franchisee and Mega-Associate expressly agree that the terms of this Section supplement and add to Franchisee’s general indemnification obligations under Section 19.02 of the Franchise Agreement and will survive the termination, expiration or transfer of this Addendum or any interest herein. For the purposes of this Section 7, the term “Claims” shall include reasonable attorneys’ fees.

**8. Covenant Against Competition.**

In consideration for the sharing of information, use of systems and overall benefits of this Addendum, during the term of this Addendum, neither Mega-Associate nor Mega-Associate’s immediate family members shall, without the prior written consent of Franchisor, directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or business entity: (a) divert or attempt to divert any business or customer of the Market Center or the Office to any Competitor (as defined below), by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor’s Marks or System or the Market Center; or (b) own, maintain, operate, engage in, or have any interest in any Competitor. The foregoing covenants shall be construed as independent of any other covenant or provision of this Addendum. If any portion of a covenant in this Section is held unreasonable or unenforceable, Mega-Associate expressly agrees to be

bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law. Franchisor shall have the right, in its discretion, to reduce the scope of any covenant set forth in this Section without Mega Associate's consent, and Mega-Associate consents to the issuance of an injunction prohibiting any conduct by it in violation of the terms of this Section. For the purposes of this section, "**Competitor**" shall mean a real estate brokerage that supports real estate agents who are not affiliated with Franchisor's franchisees and who represent consumers in the purchase, sale or lease of real estate.

9. **Authorization Non-Transferable or Assignable.**

The authorization this Addendum establishes is not transferable or assignable by either Franchisee or Mega-Associate, and no person other than Mega-Associate may derive any right to operate a Mega-Associate Office under authority of this Addendum.

10. **Effect on Franchise Agreement.**

Except as expressly modified and amended by this Addendum, the Franchise Agreement will remain in full force and effect.

11. **[Include for California]: [Waiver and] General Release.**

**[Include for California]: [WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.]**

**Franchisee, Franchisee's Operating Principal, and Mega-Associate for themselves and on behalf of the Releasing Parties (defined below), acknowledge that they are familiar with Section 1542 of the California Civil Code, which reads as follows:**

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

**With respect to those Claims being released pursuant to this Release Agreement, Franchisee, Franchisee's Operating Principal and Mega-Associate, for themselves and on behalf of the Releasing Parties, acknowledge that they are releasing unknown Claims and waive all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect.**

**Franchisee, Franchisee's Operating Principal and Mega-Associate, for themselves and on behalf of the Releasing Parties acknowledge that this Release Agreement extends to Claims which the Releasing Parties do not know or suspect to exist in favor of the Releasing Parties at the time of executing this Release Agreement, which if known by the Releasing Parties may have materially affected their decision to enter into this Release Agreement. It is understood by the Releasing Parties that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in**

that connection known or believed to be true. The Releasing Parties, therefore, expressly assume the risk of the facts turning out to be so different and agrees that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

**RELEASE.]**

Franchisee, Franchisee's Operating Principal, and Mega-Associate acknowledge and agree that Franchisor has played no material part in their reaching mutual agreement relating to the Office. Accordingly, in consideration for the authorizations set forth herein related to the Office, except for the covenants and obligations arising under this Addendum, Franchisee, Franchisee's Operating Principal, and Mega-Associate, for themselves and on behalf of their current and former officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Releasing Parties"), absolutely and unconditionally waive, release and forever discharge Franchisor and its current and former affiliates and subsidiaries, and each of their current and former respective Regional Representatives, officers, directors, shareholders, partners, members, managers, parents, affiliates, subsidiaries, employees, agents, attorneys, representatives, predecessors, successors and assigns (collectively, the "Released Parties"), from all claims, demands, obligations, liabilities, actions, and causes of actions whatsoever, in law or equity, whether known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected (collectively, "Claims"), that any Releasing Party has, ever had or may in the future have against any Released Party arising under or related to the Franchise Agreement, the Market Center, this Addendum or the Office, that occurred on or before the effective date of this Addendum.

**12. Covenant Not to Sue.** The Releasing Parties agree not to commence any proceeding of any nature against the Released Parties based on any Claims, demand, agreement, obligation, liability or cause of action whatsoever, in law or equity, that has been released pursuant to Section 11 above. The Releasing Parties represent and warrant that they have not assigned to anyone any Claims related to the Claims described in Section 11 that may now or subsequently be asserted against the Released Parties.

**13. Dispute Resolution.** Any dispute under this Addendum shall be governed by and construed in accordance with the resolution of disputes under the Franchise Agreement.

**14. Terminology.** If Franchisee executed a Market Center License Agreement on or before March 31, 2021, the following terms may be analogous and interchangeable: Franchisee and Licensee; Market Center Franchise Agreement and Market Center License Agreement; and Franchise Agreement and License Agreement.

[COMPLETED AND EXECUTED ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Addendum on the day and year noted below.

**FRANCHISOR:**

**KELLER WILLIAMS REALTY, LLC**

By: \_\_\_\_\_

Authorized Signatory

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**MEGA-ASSOCIATE:**

By: \_\_\_\_\_

Name: \_\_\_\_\_ Date \_\_\_\_\_

**FRANCHISEE:**

By: \_\_\_\_\_

Name: \_\_\_\_\_ Date \_\_\_\_\_

Title: Operating Principal

**FRANCHISEE'S OPERATING PRINCIPAL:**

By: \_\_\_\_\_

Name: \_\_\_\_\_ Date \_\_\_\_\_

**FRANCHISEE'S CONTROLLING PRINCIPALS: [CPs only sign if OP is not a CP]**

By: \_\_\_\_\_

Name: \_\_\_\_\_ Date \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_ Date \_\_\_\_\_

By: \_\_\_\_\_

Name:

Date

SAMPLE