

from you or any other franchisee. However, we reserve the right to do so in the future. We do not guarantee your obligations to third parties.

Realogy may receive payments from leasing sources ranging from 1.5% to 3% of the principal amount or volume of closed transactions with our franchisees and franchisees of the Real Estate Affiliates if it arranges financing from other sources. The financing offered by other sources is likely to be assigned, sold or discounted to third parties who may be immune to your defenses and claims.

ITEM 11. FRANCHISOR'S OBLIGATIONS

EXCEPT AS DISCLOSED BELOW, WE NEED NOT PROVIDE ANY ASSISTANCE TO YOU.

Before you open your franchised office, we will:

(1) Authorize your use of the Coldwell Banker Commercial[®] service mark in connection with your business (Franchise Agreement, Section 4.1).

(2) Provide you with access to the Manual which contains recommended methods, specifications and procedures for operation of your office under the Coldwell Banker Commercial[®] system. We reserve the right to make changes in the Manual from time to time to which we will provide access to you. (Franchise Agreement, Section 10.2).

(3) Within 90 days after you sign your Franchise Agreement, we will provide your commercial manager and (office managers, if any) with the orientation training program entitled STAR Orientation. (Franchise Agreement, Section 6.1.1). One commercial manager from each Coldwell Banker Commercial[®] office you license must attend this mandatory training program. Attendance at the orientation is all that is required to satisfactorily complete the training program. We do not currently charge tuition for the orientation. You must pay for all travel costs and living expenses incurred in connection with the attendance of your personnel at the orientation. If you acquire a Coldwell Banker Commercial[®] office through a transfer of an existing franchise, or if you change commercial managers, this session is mandatory, and you are responsible for paying your commercial manager's travel, lodging, meals and other expenses in attending Orientation.

We expect to hold one orientation per quarter, which will be approximately two days in length. Transition should cover the subjects listed below and will be held in locations as we designate. Instructors will generally be department heads, corporate officers or certified trainers of Coldwell Banker Commercial with at least 10 years of experience in the real estate industry.

Some topics are covered electronically prior to your attendance at orientation.

TYPICAL STAR ORIENTATION

- Review Role of Commercial Servicing Team
- Discuss Commercial Education and Training Programs
- Review AGC Reporting and CREST Internet based system
- Review Coldwell Banker Commercial Brand Events and other Commercial related Real Estate and Industry Events
- Awards and Recognition Programs
- Discuss Product Development, Public Relations and Marketing Programs
- Review Identity Standards

- Demonstrate CBNNet Intranet Site and coldwellbankercommercial.com Internet sites
- Review Commercial Specialty Material and Business Development Groups

We will provide you with training materials during orientation, which may include video tapes, CD-ROMS, pre-recorded audio tapes, recruiting information and other related materials. All of these training materials and passwords to access Web training are and will remain our sole property. (See Item 14)

During the operation of the franchised business, we will:

(1) Provide continuing assistance to you with respect to improvements and changes to the Coldwell Banker Commercial[®] system. Guidance may be in the form of bulletins or other written materials, electronic communication, consultation by telephone or in person at your office, or by other means (Franchise Agreement, Section 6.2).

(2) Conduct training courses, seminars or conferences either at our corporate office, in your area or elsewhere at our discretion. You must pay for any fees we charge and all your costs of transportation, lodging, meals and other expenses. Your attendance at these courses is voluntary. (Franchise Agreement, Section 6.2) We may make available from time to time, and you can purchase at your option, videotapes, videodiscs and other training materials for your use. These materials are described in The Coldwell Banker Commercial[®] Approved Supplier Catalog, CBNNet, and other publications we may periodically send to you.

(3) Provide development, implementation, production, payment and other costs of advertising, marketing and related services and programs through a marketing fund to promote and enhance the awareness level and value of the Coldwell Banker Commercial[®] service mark and the Coldwell Banker Commercial[®] brand. We will determine the cost, media, content, format, timing, concentration and exposure, and all other matters relating to these campaigns. We may use part of the marketing fund for joint or collective advertising campaigns with related companies. (Franchise Agreement, Section 8.4) We will not use any part of the marketing fund for advertising that is principally a solicitation for the sale of franchises. You are permitted to create your own marketing materials so long as they comply with the Identity Standards Manual supplied to you after you become a franchisee.

The marketing fund is not held in trust and we do not manage it in a fiduciary capacity. All funds are deposited into our general operating account and are commingled with our general operating funds. (Franchise Agreement, Section 8.4.1) Upon written request, we will furnish you with an annual financial statement for the marketing fund which is usually available on or about April 30 of each year. You may request to inspect the books and records related to the marketing fund during our normal business hours upon 15 days prior written notice. If the total contributions to the marketing fund exceed the expenditures from the fund in any calendar year, the excess will be retained in the fund for future marketing purposes. (Franchise Agreement, Section 8.4.2)

You, and all other franchisees, are required to make the monthly contribution to the marketing fund as described in Item 6. (Franchise Agreement, Section 8.2 other franchisees may pay different amounts based on the language of their Franchise Agreement.) Although the marketing fund expenditures are intended to maximize general recognition and customer support for all Coldwell Banker Commercial[®] offices, we cannot assure you that your office will benefit directly from the placement of any advertising.

We may use the marketing fund to compensate ourselves or an Affiliate for reasonable expenses incurred by us or the Affiliate for accounting, collection, bookkeeping, reporting or other administrative services provided to the fund to support marketing activities. We or our Affiliates may also be reimbursed for actual costs incurred in the production of marketing, public relations and promotional events and materials. Any products and/or services provided by us or an Affiliate will be provided at a cost comparable to those costs that the

fund would otherwise incur if the products or services were obtained from unaffiliated third parties. Realogy contracts directly with a printer that produces certain materials for the Coldwell Banker Commercial[®] advertising program, which are paid for by the advertising fund, and for the advertising programs of the Real Estate Affiliates. Realogy receives payments from the printer based on the revenues the printer receives for these services. In 2006, the Commercial Marketing Fund was used 13% for print advertising; 55% for media production; 29% for administrative; and 3% for other items (on-line and other media).

(4) Operate and maintain an electronic data transfer system which will enable franchisees to transmit electronically listing information, transactions, reporting information and other relevant reporting data. To participate in the system you must acquire specified computer equipment. You can acquire any computer hardware that meets our minimum memory and other standards.²⁵ This computer equipment is generally designed to handle other software applications related to the operation of a Coldwell Banker Commercial[®] office. Based on industry standards, processing requirements and our discretion, you must upgrade hardware components from time to time (Franchise Agreement, Section 9.2). The software will be proprietary to us, licensed to you free of charge and updated as needed by us.

We offer two online services: www.coldwellbankercommercial.com[®] and CBNet[®]. (<http://www.coldwellbankercommercial.com>) is a publicly accessible site on the Internet. It allows franchisees and sales associates to post listings on the Internet for consumers worldwide, who can search for listings by geographic regions, price range, size, product type and other pertinent criteria. CBNet[®] is our private Intranet site accessible to franchisees and sales associates who subscribe to the system. CBNet[®] provides various enhancements including expanded industry news, Coldwell Banker Commercial[®] news and systems, broker-to-broker referral capabilities and supplier information. CBNet is your main source of electronic tools and systems of Coldwell Banker Commercial and should be visited daily by your staff.

Presently, there are no fees directly associated with participation in our on-line site or CBNet[®]. However, you must obtain appropriate connectivity and browser software for this application as well as any platform upgrades that may be necessary.

(5) Offer ancillary services, directly or through related or other companies, to assist you in enhancing your franchised business as we determine in our discretion. Ancillary services may include loan brokerage, escrow services, title searches, insurance and the like, related to a real estate brokerage operation. Another service may be our corporate referral network for franchisees who meet our eligibility requirements for this program and who sign a participation agreement. Under this program, we or an affiliate may refer to you corporate clients who are seeking commercial real estate brokerage services in your market. You must

²⁵ Our minimum memory and other equipment standards are currently as follows:

CPU Type	Intel Pentium
CPU Speed	Minimum of 1.3Ghz
Hard Disk	Minimum of 80 gigabytes with 500 MB free space
Random Access	
Memory (RAM)	Minimum of 512 megabytes
CD Rom	Minimum of 10 speed(minimum)
Monitor/	15" SVGA (800 X 600 Pixels, 256 color; 1024 X 768 recommended)
Printer	Color Inkjet or Laser Printer
Backup	Tape or second disk drive (mirrored) 16MB Tape Drive
Internet Service Provider	Broadband or dedicated Internet connection required
Internet Browser	Microsoft Internet Explorer 6.0 or above
Operating System	Windows 2000/Windows XP/XP Professional or NT 4.0
Miscellaneous	Digital Camera or color scanner; 16 bit Sound Card and speakers; Adobe Reader 5+; Windows Media Player 9+; and Flash plug-in are also recommended

pay us a referral fee for each transaction you close with a referred client. The above services may not be available in all markets, and we reserve the right to add, change or discontinue any ancillary service at any time.

We estimate that the typical time between your signing your Franchise Agreement and opening your office under the Coldwell Banker Commercial[®] system will be within 30 days. The factors that affect this time are mostly within your control or the control of suppliers you select. We do not provide you with any assistance in locating your office site. However, at our discretion, we may determine that your site does not meet minimum standards and require you to obtain an appropriate site.

ITEM 12. TERRITORY

You will not receive an exclusive territory. You must operate your office only at the specific address in the Franchise Agreement. You may solicit clients from anywhere that your real estate license permits. At any time, we have the right to own, operate, franchise or license others to operate residential or commercial real estate brokerage businesses anywhere within or outside the market where your office is located, including locations in immediate proximity to your office. The Real Estate Affiliates grant real estate brokerage franchises to operate under the CENTURY 21[®] and ERA[®] service marks. There is no restriction under the Franchise Agreement that prevents Century 21, ERA, or any other present or future Real Estate Affiliate from granting a real estate brokerage franchise under the CENTURY 21[®], ERA[®] or a different service mark in your market area. Century 21, ERA and other Real Estate Affiliates subcontract with Realogy and its affiliates for support services and share office facilities with them in Parsippany, NJ. Each Affiliate is operated as a separate company with its own management and marketing personnel and distinct business strategies and objectives. Owning a franchise does not give you the right to receive and referral from other Coldwell Banker offices or those of our Real Estate Affiliates.

If you want to change your office location within the same general vicinity as your current site, you must request our acceptance in writing at least 30 days before the proposed change. We will not unreasonably withhold our acceptance, but we may impose reasonable conditions, including:

- (1) The new office address must satisfy the standards we are then applying in evaluating proposed locations for new franchisees, and must offer you the prospect of enhancing your ability to provide quality real estate services;
- (2) The relocation of your office must not expose us or any related parties to potential liability (as determined by us in our sole judgment);
- (3) The relocation must not be likely to have a material adverse affect on our business, the business of other franchisees or the business of any related parties;
- (4) You must be in compliance with the Franchise Agreement and all other agreements with us and/or our related parties; and
- (5) You must sign a new, current form of Franchise Agreement for at least the minimum term remaining on your existing Franchise Agreement or two years, whichever is greater.

You should not sign a new lease or incur any other expenses or liabilities for a new office until you and we sign a new Franchise Agreement.

We require a minimum sales quota in order for you to continue to operate your Coldwell Banker Commercial[®] office. Commencing with the first full calendar month beginning four (4) months after the

Effective Date of the Franchise Agreement if quarterly Gross Revenues fall below a minimum, you may be placed on probation and the Franchise Agreement may be terminated if the deficiency is not made up during the probationary period. The minimum quarterly standard for 2006 is \$60,000.00. The minimum quarterly standard can be increased annually by an amount not to exceed twenty percent (20%) of the prior year's amount. During any probationary period, you shall pay a minimum quarterly fee, which is currently \$3,600.00.

ITEM 13. TRADEMARKS

You are required to operate under the name Coldwell Banker Commercial® with a suffix that identifies your office. You may also use other current or future "Marks" that we license to you. By Marks, we mean Coldwell Banker Commercial® trade names, trademarks, service marks, logotypes and other commercial symbols and slogans used to identify your franchised business. The following are our prominent Marks which are registered on the United States Patent and Trademark Office Principal Register:

Registration No. (or Application No.)	Service Mark	Registration Date
1598908	Coldwell Banker Commercial	May 29, 1990
2059364	Coldwell Banker Commercial	May 6, 1997
2331890	Coldwell Banker Commercial CB and Design	March 21, 2000
2745034	Coldwell Banker Commercial CB and Design	July 29, 2003

These registrations are owned by CB TM Corp., a Delaware corporation, ("TM") which licenses us to use these Marks under a license agreement (the "Trademark License Agreement"). The Trademark License Agreement is for a term of 50 years and authorizes us to sublicense the Mark to our franchisees. We are required under the Trademark License Agreement to ensure that all offices utilizing the Mark meet our standards. We can lose our license to grant more franchises utilizing the Mark if we materially breach the Trademark License Agreement, or if a certain event occurs, including our bankruptcy. We pay TM based on the recurring fees we collect from franchisees. There are no other agreements currently in effect which could significantly limit our right to use or to sublicense the Marks in a manner material to you.

You must follow our rules when you use the Marks. Detailed instructions for their use are found in the Coldwell Banker Commercial® Identity Standards Manual. You must use the Marks in combination with your business name. You must identify yourself as the independent owner of the franchised business. You cannot use any of the Marks as part of your corporate or legal name, on the Internet or similar communications network, or in connection with any activity other than the operation of your franchised business, except in compliance with our guidelines or as otherwise authorized by us.

You must notify us promptly if you learn about any unauthorized or improper use of the Marks or if anyone challenges your right to use them. We will take the action we think appropriate. You cannot commence any investigation, complaint or legal action, or communicate with any other person concerning these matters without our prior written consent. You are required by the Franchise Agreement to cooperate with us and our attorneys in handling any complaint or legal action. Although the Franchise Agreement does not specifically require it, so long as you remain in compliance with your Franchise Agreement, we will defend and indemnify you against any complaint or legal action.