

REQUIREMENTS OF LEAD ENGAGEMENT

DEFINITIONS

These are the rules as they pertain to Painting Licensees operating within the southern Alberta market. Harding's Licensee's within the Painting vocation must adhere and following these guidelines. Mitigation of all violations or discrepancies will be subject to a violation of your License Agreements and governed accordingly.

Definitions:

Keyword Structure: the terms used to determine how the leads is attributed within the divisions through the Harding's office and as triggers with Licensee's to understanding when/where they are crossing the line on the lead.

HOA: Home Owners Association is a set of individual home owners that are not; a registered condominium corporation or managed by a third party property management company. They coordinate projects of the property for the collective individual homeowners and are not incorporated.

REIT: Real Estate Investment Trust

Condominium Board: A [board of directors](#) (also known as the 'condo board') is a group of individuals that run a [condominium corporation](#), which is Created when a [condominium plan](#) is registered with a land titles office. The corporation consists of all the individuals who own units in the condominium complex. The corporation is run by the condominium's [board of directors](#).

Commercial: real estate or buildings that are used for business activities...

Real Estate Classes in Retail Environment:

Class A: These properties represent the highest quality buildings in their market and area. They are generally newer properties built within the last 15 years with top amenities, high-income earning tenants and low vacancy rates. Class A buildings are well-located in the market and are typically professionally managed. Additionally, they typically demand the highest rent with little or no deferred maintenance issues (examples: Westhills, Shawnessy, Southland Crossing, SouthTrail Crossing, Legacy Centre, Willow Park, West Springs)

Class B: These properties are one step down from Class A and are generally older, tend to have lower income tenants, and may or may not be professionally managed. Rental income is typically lower than Class A, and there may be some deferred maintenance issues. (examples: Braeside, Glamorgan on 37th at Mount Royal and the one at Richmond Road)

Class C: properties are typically more than 20 years old and located in less than desirable locations. These properties are generally in need of renovation, such as updating the building infrastructure to bring it up-to-date. (small strip centres inside of residential neighbourhoods, under 10,000 square feet total centre space)

Residential: A private residence or dwelling, where an individual or group of people live day-to-day, a person's home; the place where someone lives, up to and including a; house, home, apartment, single condominium unit

New Home Construction: a brand new construction residence or dwelling as defined in 'Residential' above, up to and including multi-unit residences being built by anyone other than an HOA, REIT, or CONDOMINIUM BOARD.

CONDOMINIUM DIVISION**

Is defined as any and all Condominiums owned and managed by a presiding condominium board. This one is well defined and it is agreed that any and all "Condo Board" work required is the jurisdiction of Matt Whiteley (the 'Condominium/Property Management Division").

Referrals/advertising: any referrals for other Licensees to Condominium Work is the property of the territories "Condominium/Property Management Division" regardless of the referral, unless it is a referral to a self managed commercial condo, or unless there has been prior express written permission from the Condominium/Property Management Division licensee/franchisee

Keyword Structure: Condo Board, Condo, Condominium, Board, Board of Directors, bare land condo

Not included: individually owned condo units go to area manager, HOA's

Mediation: in the case of a disagreement, Harding's refers to the associated list of companies doing business with the disputed territory and determines fair and reasonable action

PROPERTY MANAGEMENT DIVISION**

Is defined as a company ("property management company") doing its core business operating and overseeing a building or buildings for a third party owner or ownership group.

Referrals/advertising: any referrals for other Licensees to Property Management work is the property of the territories "Condominium/Property Management Division" regardless of the referral, unless it is a referral to a self managed commercial condo or owner-occupied manager (building manager/facility manager), or unless there has been prior express written permission from the Condominium/Property Management Division licensee/franchisee

Keyword Structure: property manager, property management, third-party management, management company

Not included: self managed buildings by developers, REITS or real estate companies, buildings operated by singular building manager or facility manager, HOA's

Mediation: in the case of a disagreement, Harding's refers to the associated list of companies doing business with the disputed territory and determines fair and reasonable action

COMMERCIAL DIVISION***

Is defined as *real estate* or buildings that are used for business activities

Referrals: any referrals for other Licensees to Commercial Work is the sole property of the territories licensed/franchised "Commercial Division" regardless of the referral, unless prior express written permission is obtained from the Commercial Division licensee/franchisee.

Keyword Structure: commercial, office, warehouse, retail, restaurant, business, school, parkade (further questions to determine condo board or commercial project), property development, building manager, facility manager

Not included: buildings or real estate used for business activities that are managed by a Condominium Corporation or Property Management Company

Mediation: in the case of a disagreement, Harding's refers to the associated list of companies doing business with the disputed territory and determines fair and reasonable action

Mitigation of all violations or discrepancies will be subject to a violation of your License Agreements and governed accordingly.

RESIDENTIAL DIVISIONS*

As defined above in definitions

Referrals: are allowed from friends, family, and previous clients who have moved from their previous locations. Referrals are NOT allowed to residences or individuals who request the previous licensee of a territory that has been sold to another licensee. Advertising in another licensees/franchisees territory is a default of the agreement.

Keyword Structure: home, house, residence, single condo

Not included: buildings or real estate used for business activities that are managed by a Condominium Corporation, Property Management Company or are a Commercial Business

Mediation: in the case of a disagreement, Harding's refers to the previous sales of territory, lead source, and relationship with the Licensee/Franchisee of where the lead went.

Mitigation of all violations or discrepancies will be subject to a violation of your License Agreements and governed accordingly.

Commercial Exception: Residential licenses can accommodate commercial work in only the following circumstances.....

1. It must be a personal referral, any mis-assigned leads from office must be assigned by the licensee back to the office for proper distribution
2. It must be in the residential territory the licensee already owns
3. It can only be a single commercial retail unit within a Class C shopping or retail site
4. Referrals from a job completed under this definition in an area not owned by the residential license must go to the commercial division

NEW HOME CONSTRUCTION

Is defined as a brand new construction residence or dwelling as defined in 'Residential' above, up to and including multi-unit residences being built by anyone other than an HOA, REIT, or CONDOMINIUM BOARD.

Keyword Structure: new construction, new build, new home builder, residential contractor

Not Included: repaints of any kind in single residential or multifamily homes, buildings or real estate used for business activities that are managed by a Condominium Corporation, Property Management Company or are a Commercial Business

Mediation: in the case of a disagreement, Harding's refers to the previous sales of territory, lead source, and relationship with the Licensee/Franchisee of where the lead went.

Mitigation of all violations or discrepancies will be subject to a violation of your License Agreements and governed accordingly.

PENALTIES FOR VIOLATING THE REQUIREMENTS OF LEAD ENGAGEMENT

1st offence, offending licensee/franchisee pays back the approximate gross profit, using a flat fee of 30% of the project sales brought in.

2nd offence, offending licensee/franchisee pays out 50% of the total project sales brought in

3rd offence, offending licensee/franchisee pays out 50% of the total project sales brought in and a \$15,000.00 fine to Harding's

4th offence, offending licensee is terminated immediately (I doubt we will ever get to this point)

* Referrals between residential territories is allowed, acting reasonably.

** Referrals for other Licensees to Condominium Work is the property of the territories "Condominium/Property Management Division" regardless of the referral, unless it is a referral to a self managed commercial condo, or unless there has been prior express written permission from the Condominium/Property Management Division licensee/franchisee

*** Referrals for other Licensees to Commercial Work is the sole property of the territories licensed/franchised "Commercial Division" regardless of the referral, unless prior express written permission is obtained from the Commercial Division licensee/franchisee.

**** There are no referrals for primary work between divisions for vocations or trades owned or held by another franchisee/licensee.