

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FATHOM HOLDINGS INC.

(Exact name of registrant as specified in its charter)

North Carolina
(State or other jurisdiction of
incorporation or organization)

6531
(Primary Standard Industrial
Classification Code Number)

82-1518164
(I.R.S. Employer
Identification Number)

**211 New Edition Court, Suite 211
Cary, North Carolina, 27511
888-455-6040**
(Address, including zip code and telephone number, including area code, of registrant's principal executive offices)

**Joshua Harley
Chief Executive Officer
211 New Edition Court, Suite 211
Cary, North Carolina, 27511
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(Name, address, including zip code and telephone number, including area code, of agent for service)

Copies to:

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Raleigh, North Carolina 27607
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**Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.**

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock, no par value per share		Not applicable	\$	\$

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- (1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(a) of the Securities Act. Given that there is no proposed maximum offering price per share of common stock, the registrant calculates the proposed maximum aggregate offering price, by analogy to Rule 457(f)(2), based on the book value of its common stock, which will be calculated from its unaudited pro forma balance sheet as of June 30, 2019. Given that the registrant's shares of common stock are not traded on an exchange or over-the-counter, the registrant did not use the market prices of its shares of common stock in accordance with Rule 457(c).

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated _____, 2019

PRELIMINARY PROSPECTUS



**FATHOM HOLDINGS INC.
SHARES OF COMMON STOCK**

This prospectus relates to the registration of the resale of up to _____ of our shares of common stock, no par value (the "Shares") by the selling shareholders identified in this prospectus ("Selling Shareholders"). Unlike an initial public offering, the resale of Shares by the Selling Shareholders is not being underwritten by any investment bank. The Selling Shareholders might, or might not, elect to sell the Shares covered by this prospectus, as and to the extent they may determine. Such sales, if any, will be made through brokerage transactions on the OTC Markets at prevailing market prices. If the Selling Shareholders choose to sell their Shares, we will not receive any proceeds from the sale of Shares.

No public market for our common stock currently exists. However, we sold shares of our common stock in unregistered private placements in 2018 and 2019. The sales prices per share for such private placements were \$1.00. For more information, see "*Market for Common Stock*." Our recent sales prices in private placements may have little or no relation to the public price of our common stock. Further, the public sale of our shares without listing on a national securities exchange and without underwriters is a novel method for commencing public trading in our common stock, and consequently, the trading volume and price of our common stock may be more volatile than if our common stock were initially listed on a national securities exchange in connection with an underwritten initial public offering.

The opening public price of our common stock on the OTC Markets will be determined by buy and sell orders collected from broker-dealers. Based on such orders, the designated market maker will determine an opening price for our common stock in consultation with a financial advisor. For more information, see "*Plan of Distribution*."

Our common stock is presently not traded on any national securities exchange, and we do not intend to apply to have our common stock listed on any national securities exchange. Instead, we plan to apply to have our common stock quoted on the OTC Markets under the symbol "[FTHM]". The OTC Markets is a regulated quotation service that displays real-time quotes, last-sale prices and volume information for over-the-counter equity securities. Over-the-counter securities are traded by a community of market makers that enter quotes and trade through a sophisticated computer network.

There is no guarantee that a trading market for our common stock will develop and the purchasers in this offering may be receiving an illiquid security.

We are an "emerging growth company" as that term is used in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings, see "*Prospectus Summary – Implications of Being an Emerging Growth Company*."

Investing in the Shares involves risks, see "*Risk Factors*" beginning on page 13 of this prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2019

TABLE OF CONTENTS

	Page
Prospectus Summary	1
Summary Consolidated Financial and Other Data	8
Special Note Regarding Forward-Looking Statements	11
Risk Factors	13
Use of Proceeds	28
Market for Common Stock	28
Dividend Policy	29
Management’s Discussion and Analysis of Financial Condition and Results of Operations	30
Letter from the Founder	39
Business	41
Management	49
Executive and Director Compensation	54
Transactions with Related Persons	62
Security Ownership of Certain Beneficial Owners and Management	63
Selling Shareholders	64
Description of Capital Stock	65
Shares Eligible for Future Sale	67
Material U.S. Federal Income Tax Consequences for Non-U.S. Holders of our Common Stock	68
Plan of Distribution	71
Legal Matters	72
Experts	72
Where You Can Find More Information	72
Index to Consolidated Financial Statements	F-1

We are responsible for the information contained in this prospectus and in any free writing prospectus we prepare or authorize. Neither we nor the Selling Shareholders have authorized anyone to provide you with different information, and neither we nor the Selling Shareholders take responsibility for any other information others may give you. We are not, and the Selling Shareholders are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus is only accurate as of the date of this prospectus. Our business, financial condition, results of operations, and prospects may have changed since that date.

For investors outside the United States: We have not, and the Selling Shareholders have not, done anything that would permit the use of or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the Shares and the distribution of this prospectus outside the United States.

Copies of some of the documents referred to herein have been filed as exhibits to the registration statement of which this prospectus forms a part, and you may obtain copies of those documents as described in this prospectus under the heading “*Where You Can Find More Information.*”

Unless the context indicates otherwise, as used in this prospectus, the terms “Fathom,” “we,” “us,” “our,” “the Company,” “our Company” and “our business” refer to Fathom Holdings Inc. and its direct and indirect subsidiaries, after giving effect to our corporate reorganization. For more information, please refer to the corporate reorganization described under “*Business—Our Structure.*” Unless the context otherwise requires, references to “common stock” refer to our common stock, no par value.

PROSPECTUS SUMMARY

This summary highlights certain information about us and this offering contained elsewhere in this prospectus. Because it is only a summary, it does not contain all of the information that you should consider before investing in our securities and should be read in conjunction with the more detailed information appearing elsewhere in this prospectus. Before you decide to invest in our securities, you should read the entire prospectus carefully, including "Risk Factors" beginning on page 13, "Management's Discussion and Analysis of Financial Condition and Results of Operations," beginning on page 30 and the consolidated financial statements and related notes thereto included in this prospectus.

Overview

Fathom Holdings Inc. was founded in 2010 as a cloud-based, technology-driven real estate brokerage company. Our low-overhead business model leverages our proprietary software platform for management of real estate brokerage back-office functions, without the cost of physical brick and mortar offices or of redundant personnel. As a result, we are able to offer our agents the ability to keep significantly more of their commissions compared to traditional real estate brokerage firms. We believe we offer our agents some of the best technology, training, and support available in the industry. We also offer our agents valuable benefits, including equity in our Company if they achieve revenue and growth goals, as well as what we believe is relatively broad and affordable healthcare coverage. We believe our commission structure, business model and our focus on treating our agents well attract more agents and higher-producing agents to join and stay with our Company.

Fathom's commission model is designed to empower real estate agents to build a more profitable business by allowing them to keep a high percentage of their commission without sacrificing support, technology, or training. We believe that by simply joining Fathom, agents from traditional model brokerages can increase their income by 25% on average. More importantly, agents are able to take that increase and reinvest it into their marketing thereby increasing their number of transactions and revenue.

We believe Fathom's commission model also allows agents to directly compete against discount brokerages and other disruptive new competitors. The flat transaction fee that we charge to our agents allows our agents to charge whatever commission they need to be highly competitive.

We recognize revenue primarily through the commissions that our agents charge their clients. From the gross commission revenue, we keep a flat transaction fee of \$450 and the remainder is paid to the agent. This \$450 transaction fee is charged for the agent's first 12 sales per agent's anniversary year and then \$99 per sale for the rest of their anniversary year. For leases, we recognize revenue through lease commissions negotiated between our agents and landlords, and we retain \$85 per transaction and the remainder is paid to the agent. Each year, every agent also pays a fee of \$500 on their first sale (recognized in Cost of Revenue over the year), which helps cover our operating costs such as technology, errors and omissions insurance, training, and oversight.

In 2019, Fathom was ranked the #16 largest independent real estate brokerage firm and the #37 overall largest brokerage firm in the United States. These rankings were published by The Real Trends Five Hundred based on several criteria including transaction sides, sales volume, affiliation, top movers, core services, and others.

Our Strategy

Fathom's goal is to be one of the leading 100% commission real estate brokerages in the United States while offering superior customer service, state of the art technology, and a great company culture. We have grown rapidly since inception, and plan to accelerate our growth through the following aspects of our vision:

- offer full brokerage services via our technology-enabled, low-overhead business model;
- attract and retain high-producing agents by offering high compensation per transaction and industry-leading benefits;
- use our publicly traded stock to further incentivize agents;

- continue to enhance and develop our proprietary software platform to facilitate our own business and potentially increase our revenue by licensing it to others; and
- pursue further growth through potential acquisitions, including using our publicly traded stock as consideration.

Technology

We operate as a cloud-based real estate brokerage by utilizing our consumer-facing website, <https://www.FathomRealty.com>, and our internal proprietary technology, IntelliAgent®, to manage our brokerage operations. Through our website, we provide buyers, sellers, landlords, and tenants with access to all of the available properties for sale or lease on the multiple listing service, or MLS, in each of the markets in which we operate. We provide each of our agents their own personal website that they can modify to match their personal branding. Our website also gives consumers access to our network of professional real estate agents and vendors. Through a combination of our proprietary technology platform and third-party systems, we provide our agents with marketing, training, and other support services, as well as client and transaction management. Our technology, services, data, lead generation, and marketing tools are designed to allow our agents to leverage them to represent their real estate clients with best-in-class service.

Internally, we use our technology to provide agents with opportunities to increase their profitability, reduce risk, and develop professionally, while fostering a culture that values collaboration, strength of community, and commitment to serving the consumer's best interests. We provide our agents with the systems, support, professional development and infrastructure designed to help them succeed in unpredictable, and often challenging, economic conditions. This includes delivering 24/7 access to collaborative tools and training for real estate agents.

Specifically, using advanced Internet-based software, we can improve compliance and oversight while providing, at no cost to our agents, technology tools and services to our agents and their customers, including:

- A robust, mobile-friendly, customer-facing corporate website providing access to view all homes for sale and lease in the markets that we serve, with the ability to search and save favorite properties and receive alerts for new properties that fit their criteria;
- A customizable, mobile-friendly, agent website with home search, lead capture, and blogging capabilities;
- An advanced customer relationship management system, with visitor tracking, property alerts, and customer communication, all designed to help convert leads into customers;
- Social media tools to enhance agent marketing and visibility;
- Streamlined solicitation, collection, verification and posting of customer testimonials;
- Single property websites for our agents' listings;
- A wide array of on-demand training modules for the professional development of agents at all levels of experience; and
- Agent access to IntelliAgent®, which is described in more detail below.

Our proprietary IntelliAgent® real estate technology platform is designed to provide a suite of brokerage and agent level tools, technology, business processes, business intelligence and reporting, training, and marketing, along with a marketplace for add-on services and third-party technology. Our IntelliAgent rollout strategy began with the core technology needed by every real estate brokerage to manage their agents, their agents' transactions, commission structures, payments, and compliance, as well as the ability to gain a better understanding as to what is happening in the business through business intelligence and robust reporting. Our technology roadmap for IntelliAgent includes brokerage and agent level websites, content creation and management, customer relationship management, email and social media marketing, agent reviews, goal setting, accountability, expense tracking, training platform, marketing repository, and APIs for integration with third-party tools. We intend for IntelliAgent to be more than just a technology platform for Fathom; we might someday use a simplified version of IntelliAgent as a platform to unify independent brokerages through a smarter broker network allowing them to effectively compete against larger regional and national brands. This should allow us to monetize a portion to our technology and generate revenue from small brokerages and agents who would not otherwise join Fathom. We believe that IntelliAgent also provides us with the platform needed to more fully integrate services companies that are, or become, part of the Fathom Holdings network. This deeper integration is designed to encourage a higher level of agent adoption of our various services companies and therefore create a better agent experience, customer experience, and generate higher revenues for Fathom Holdings.

Our Focus on Agents

We believe that agents deliver unique value to the specific customers they serve in different ways depending upon the knowledge, skills or niche of the agent and the needs and desires of the customers. We also believe that customers work with agents because of the agent's skills and service individually and generally place greater weight on those individual skill sets, service levels and style than they do on the brokerage brand with which the agent is affiliated. Therefore, we focus to a great degree on serving our agents, so that we attract and retain the best in the industry.

Fee Structure

The lower overall cost of operating our business via the cloud has enabled us to offer our agents a 100% commission model. Consequently, this higher commission paid to our agents combined with our unique delivery of support services and the flexibility it provides for agents has facilitated our growth over the past several years. We also differentiate ourselves by not charging our agents royalties or franchise fees. A commission calculator on our website allows agents to determine how much money they could make if they join Fathom.

We believe we offer agents further opportunity to increase their overall revenue and income, because they can invest the additional income earned under our fee structure in incremental marketing.

Our Markets

Currently, our primary market is the United States. We currently operate in more than 75 cities or regions, which are located in the following 22 states or districts:

Arizona	Indiana	Oregon
Arkansas	Kentucky	South Carolina
California	Maryland	Tennessee
Colorado	Nevada	Texas
District of Columbia	New Jersey	Virginia
Florida	North Carolina	Washington
Georgia	Ohio	
Illinois	Oklahoma	

We target urban or suburban cities or regions with populations of at least 50,000, of which there are approximately 775 in the United States. We believe this provides us opportunity for continued growth. We have expanded rapidly since our inception nine years ago to over 75 cities or regions. As we continue to expand, we might also target smaller rural markets.

Risks Associated with Our Business

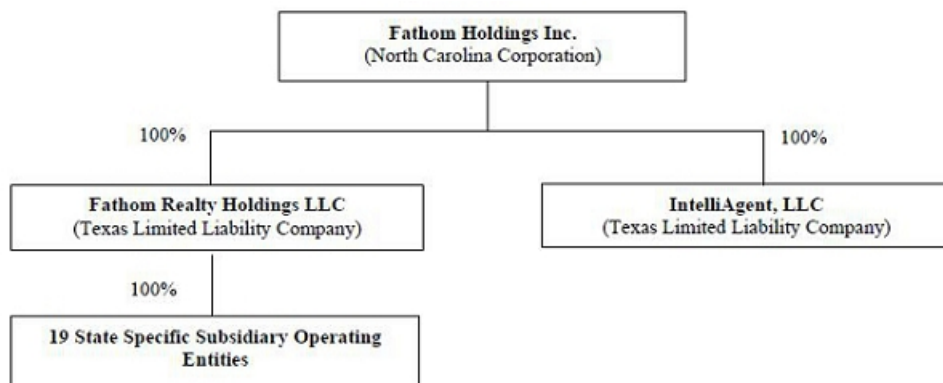
Investing in the Shares involves a number of risks, including the following:

- If we do not remain an innovative leader in the real estate industry, we might not be able to grow our business and leverage our costs to achieve profitability.
- We might not be able to effectively manage rapid growth in our business.
- If we fail to grow in the various local markets that we serve or are unsuccessful in identifying and pursuing new business opportunities, our long-term prospects and profitability will be harmed.

- Our value proposition for agents includes allowing them to keep more of their commissions than traditional companies do, and receive equity in our Company, which is not typical in the real estate industry. If agents do not understand our value proposition we might not be able to attract, retain, and incentivize agents.
- We might not be able to attract and retain additional qualified agents and other personnel.
- Our operating results are subject to seasonality and vary significantly among quarters during each calendar year, making meaningful comparisons of consecutive quarters difficult.
- If we fail to protect the privacy of the employees, independent contractors, or consumers personal information that our employees share with us, our reputation and business could be significantly harmed.
- Our business could be adversely affected if we are unable to expand, maintain, and improve the systems and technologies that we rely on to operate.
- Our business, financial condition and reputation may be substantially harmed by security breaches, interruptions, delays and failures in our systems and operations.
- We face significant risk to our brand and revenue if we fail to maintain compliance with the law and regulations of federal, state, foreign, county governmental authorities, or private associations and governing boards.
- Loss of our current executive officers or other key management could significantly harm our business.
- Employee or agent litigation and unfavorable publicity could negatively affect our future business.
- Failure to protect intellectual property rights could adversely affect our business.
- Cybersecurity incidents could disrupt our business operations, result in the loss of critical and confidential information, adversely impact our reputation and harm our business.
- We may evaluate potential vendors, suppliers and other business partners for acquisition in order to accelerate growth but might not succeed in identifying suitable candidates or may acquire businesses that negatively impact us.
- Our future revenues and growth prospects could be adversely affected by our dependence on other contractors.
- We are subject to certain risks related to litigation filed by or against us, and adverse results may harm our business and financial condition.
- Part of our technology is currently developed in foreign countries, including Brazil, which makes us subject to certain risks associated with foreign laws and regulations.

These and other risks are more fully described in the section entitled “*Risk Factors*” on page 13, which you should carefully read and consider before deciding to invest in the Shares. If any of these risks actually occur, our business, financial condition, results of operations, cash flows or reputation would likely be materially adversely affected. In such case, the trading price of the Shares would likely decline, and you could lose all or part of your investment.

Our Structure



Fathom Holdings Inc., which is a North Carolina corporation, was known as Fathom Ventures, Inc. prior to our filing of Articles of Amendment to our Articles of Incorporation on September 4, 2018 changing the name of the corporation and amending the number of authorized shares to 185,000,000 shares, no par value per share, all of one class designated common stock (85,000,000 of which were designated as Series A common stock and 100,000,000 of which were designated as Series B common stock).

Prior to the filing of this registration statement, we effected a corporate reorganization, whereby the former members of our direct, wholly-owned subsidiary, Fathom Realty Holdings LLC, a Texas limited liability company, contributed all of their ownership interests in Fathom Realty Holdings LLC to Fathom Holdings Inc. in exchange for shares of our stock. Prior to such contribution and exchange, the shareholders of Fathom Realty Group Inc., a Texas corporation, contributed all of their shares of stock in Fathom Realty Group Inc. to Fathom Realty Holdings LLC in exchange for additional ownership interests in Fathom Realty Holdings LLC. Fathom Realty Group Inc. is a wholly-owned subsidiary of Fathom Realty Holdings LLC. Additionally, the former members of our direct, wholly-owned subsidiary, IntelliAgent, LLC, a Texas limited liability company, contributed all of their ownership interests in IntelliAgent, LLC to Fathom Holdings Inc. in exchange for shares of our stock.

As part of the reorganization, we restated our Articles of Incorporation on September 11, 2018 such that (i) each share of Series A common stock outstanding as of immediately prior to the filing of the Restated Articles of Incorporation was cancelled and (ii) each two shares of Series B common stock outstanding as of immediately prior to the filing of the Restated Articles of Incorporation was converted and reclassified into one share of common stock. Pursuant to the Restated Articles of Incorporation, we also amended the number of authorized shares of the corporation to 100,000,000 shares, no par value, all of one class designated common stock. We refer to these steps as the “Exchange Transactions.” The Exchange Transactions have not affected our operations, which we have continued to conduct through our operating subsidiaries.

Corporate Information

We are a North Carolina corporation and were incorporated on May 5, 2017 as Fathom Ventures, Inc. On September 4, 2018, we changed our name to Fathom Holdings Inc. Our principal executive office is located at 211 New Edition Court, Suite 211, Cary, North Carolina, 27511. Our telephone number at our principal executive office is 888-455-6040. Our corporate website is <https://www.fathomrealty.com>. The information on our corporate website is not part of, and is not incorporated by reference into, this prospectus.

Implications of Being an Emerging Growth Company

We qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of relief from certain reporting requirements and other burdens that are otherwise applicable generally to public companies. These provisions include:

- reduced obligations with respect to financial data, including presenting only two years of audited financial statements and only two years of selected financial data in this prospectus;

- an exception from compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”);
- reduced disclosure about our executive compensation arrangements in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding non-binding advisory votes on executive compensation or golden parachute arrangements.

We may take advantage of these provisions for up to five years or such earlier time that we no longer qualify as an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.07 billion in annual revenue, have more than \$700 million in market value of our capital stock held by non-affiliates or issue more than \$1.0 billion of non-convertible debt over a three-year period. We intend to take advantage of the reduced reporting requirements with respect to disclosure regarding our executive compensation arrangements, have presented only two years of audited financial statements and only two years of related “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” disclosure in our filings with the Securities and Exchange Commission, or the SEC, and have taken advantage of the exemption from auditor attestation on the effectiveness of our internal control over financial reporting. To the extent that we take advantage of these reduced reporting burdens, the information that we provide shareholders may be different than you might obtain from other public companies in which you hold equity interests.

In addition, under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

THE OFFERING

Securities offered by us in this offering	We are not selling any Shares pursuant to this prospectus.
Securities being registered	shares of common stock held by the Selling Shareholders, including 41,895,987 shares owned by our management, including Chief Executive Officer Joshua Harley, President and Chief Financial Officer Marco Fregenal, and director Glenn Sampson. Messrs. Fregenal and Sampson intend to enter into Rule 10b5-1 trading plans for the sale of up to , and shares hereunder, respectively.
Public offering price	The opening public price of our common stock on the OTC Markets will be determined by buy and sell orders collected from broker-dealers. Based on such orders, the designated market maker will determine an opening price for our common stock in consultation with a financial advisor. See “ <i>Plan of Distribution</i> ” beginning on page 71 of this prospectus.
Use of proceeds	We will not receive any proceeds from the sale of our common stock by the Selling Shareholders.
Risk Factors	An investment in our securities involves a high degree of risk. See “ <i>Risk Factors</i> ” beginning on page 13 of this prospectus.
Dividend policy	We do not anticipate paying any dividends on the Shares in the foreseeable future; however, we may change this policy in the future. See “ <i>Dividend Policy</i> ” beginning on page 29 of this prospectus.
Proposed quotation symbol for our shares of common stock	“ <u>FTHM</u> ” on the OTC Markets. We currently do not intend to apply to list our securities on any national securities exchange.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

You should read the following selected financial data together with our financial statements and the related notes thereto included elsewhere in this prospectus and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this prospectus. We have derived the statement of operations data for the years ended December 31, 2017 and 2018 and the balance sheet data as of December 31, 2017 and 2018 from our audited financial statements included elsewhere in this prospectus. The statement of operations data for the three and six months ended June 30, 2018 and 2019 and the balance sheet data as of June 30, 2019 have been derived from our unaudited interim financial statements included elsewhere in this prospectus and have been prepared on the same basis as the audited financial statements. In the opinion of management, the unaudited data reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information in those statements. Our historical results are not necessarily indicative of the results that should be expected in the future and the results for the three and six months ended June 30, 2019 are not necessarily indicative of the results to be expected for the full year ending December 31, 2019 or any other future period.

	Years ended December 31,		Six months ended June 30,	
	2017	2018	2018 (Unaudited)	2019 (Unaudited)
Statement of Operations Data:				
Revenue	\$ 55,378,037	\$ 77,305,562	\$ 36,244,979	\$ 45,927,039
Cost of revenue	51,902,836	73,436,660	33,723,461	42,879,197
Gross profit	<u>3,475,201</u>	<u>3,868,902</u>	<u>2,521,518</u>	<u>3,047,842</u>
General and administrative	3,502,850	5,130,920	2,138,937	5,371,326
Marketing	315,942	255,090	197,004	103,949
Total operating expenses	<u>3,818,792</u>	<u>5,386,010</u>	<u>2,335,941</u>	<u>5,475,275</u>
Loss (income) from operations	<u>(343,591)</u>	<u>(1,517,108)</u>	<u>185,577</u>	<u>(2,427,433)</u>
Other (expense), net				
Interest (expense), net	(76,971)	(102,123)	(54,753)	(54,431)
Other expense	-	(16,819)	(187,000)	(34,117)
Other (expense), net	<u>(76,971)</u>	<u>(118,942)</u>	<u>(241,753)</u>	<u>(88,548)</u>
Loss from operations before income taxes	<u>(420,562)</u>	<u>(1,636,050)</u>	<u>(56,176)</u>	<u>(2,515,981)</u>
Income tax expense (benefit)	-	27,155	-	(7,980)
Net loss	<u>(420,562)</u>	<u>(1,663,205)</u>	<u>(56,176)</u>	<u>(2,508,001)</u>
Net loss per share				
Basic and Diluted		<u>\$ (0.04)</u>		<u>\$ (0.05)</u>
Weighted average common shares outstanding				
Basic and Diluted		<u>38,955,107</u>		<u>45,805,669</u>
Pro forma Net loss per share				
Basic and Diluted	<u>\$ (0.01)</u>		<u>\$ (0.00)</u>	
Pro forma Weighted average common shares outstanding				
Basic and Diluted	<u>32,455,711</u>		<u>36,267,887</u>	

	As of December 31,		As of June 30,
	2017	2018	2019 (Unaudited)
Balance Sheet Data:			
Cash and cash equivalents	\$ 154,438	\$ 1,008,538	\$ 979,068
Working capital ¹	369,086	525,791	(62,867)
Total assets	2,635,320	3,834,139	3,470,386
Loan payable, net of current portion	68,988	52,188	43,677
Note payable	400,000	500,000	500,000
Lease liability, net of current portion	-	-	139,974
Total stockholders' equity	180,933	232,042	144,835

¹ We define working capital as current assets less current liabilities. See our financial statements included elsewhere in this prospectus for further details regarding our current assets and current liabilities.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this prospectus regarding our strategy, future operations, future product research or development, future financial position, future revenues, projected costs, prospects, plans and objectives of management, are forward-looking statements. The words “anticipate,” “believe,” “goals,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements in this prospectus include, but are not limited to, statements about:

- Our ability to remain an innovative leader in the real estate industry;
- Whether or not we are able to effectively manage rapid growth in our business;
- Our ability to grow in the various local markets that we serve;
- Whether or not we are successful in identifying and pursuing new business opportunities;
- Our value proposition for agents, including allowing them to keep more of their commissions than traditional companies do, and receive equity in our Company;
- Our failure to make sure agents understand our value proposition so that we are able to attract, retain and incentivize agents;
- Our ability to attract and retain additional qualified agents and other personnel;
- The risks associated with making meaningful comparisons of successive quarters;
- Our ability to protect the privacy of employees, independent contractors, or consumers or personal information that they share with us so that we do not harm our reputation and business;
- Our failure to be able to expand, maintain and improve the systems and technologies upon which we rely on to operate;
- Our failure to prevent security breaches, interruptions, delays and failures in our systems and operations;
- If we fail to maintain compliance with the law and regulations of federal, state, foreign, county governmental authorities, or private associations and governing boards;
- Our ability to remediate the material weaknesses identified in our internal controls over financial reporting;
- The risks associated with the loss of our current executive officers or other key management;
- The risks associated with employee or agent litigation and unfavorable publicity;
- Our failure to protect intellectual property rights;
- Our ability to prevent cybersecurity incidents that could disrupt our business operations, resulting in the loss of critical and confidential information;
- Our ability to be able to evaluate potential vendors, suppliers and other business partners for acquisition in order to accelerate growth;
- Our future revenues and growth prospects and our dependence on other contractors;

- The risks associated with litigation filed by or against us, and adverse results therefrom;
- Our ability to manage technology that currently developed in foreign countries, including Brazil, which makes us subject to certain risks associated with foreign laws and regulations; and
- Other factors discussed elsewhere in this prospectus.

We might not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this prospectus, particularly under “*Risk Factors*” on page 13 of this prospectus and the documents incorporated herein that we believe could cause actual results or events to differ materially from the forward-looking statements that we make.

You should read this prospectus and the documents that we have filed as exhibits to this prospectus completely and with the understanding that our actual future results may be materially different from what we expect.

Except as required by law, we undertake no obligation to update or revise any forward-looking statements to reflect new information or future events or developments. You should therefore not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this prospectus. You also should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. Before deciding to purchase our securities, you should carefully consider the risk factors discussed in this prospectus.

RISK FACTORS

An investment in our securities involves a high degree of risk. You should consider carefully the risks and uncertainties described below together with the other information included in this prospectus, including our consolidated financial statements and the related notes thereto included elsewhere in this prospectus, before deciding to purchase the Shares. The occurrence of any of the following risks may materially and adversely affect our business, financial condition, results of operations, cash flows, reputation and future prospects. In this event, the market price the Shares could decline, and you could lose part or all of your investment.

Risks Related to Our Business

If we do not remain an innovative leader in the real estate industry, we might not be able to grow our business and leverage our costs to achieve profitability.

Innovation has been critical to our ability to compete for clients and real estate agents. If competitors follow our practices or develop more innovative practices, our ability to achieve profitability may diminish or erode. For example, certain other brokerages could develop or license cloud-based office platforms that are equal to or superior to ours. If we do not remain on the forefront of innovation, we might not be able to achieve or sustain profitability.

The market for Internet products and services is characterized by rapid technological developments, evolving industry standards and customer demands, and frequent new product introductions and enhancements. The Company's future success will depend in significant part on its ability to continually improve the performance, features and reliability of its technological developments in response to both evolving demands of the marketplace and competitive product offerings, and there can be no assurance that the Company will be successful in doing so.

We might not be able to effectively manage rapid growth in our business.

We might not be able to scale our business services and support quickly enough to meet the growing needs of our real estate agents. If we are not able to grow efficiently, our operating results could be harmed. As the Company adds new agents, we will need to devote additional financial and human resources to improving our internal systems, integrating with third-party systems, and maintaining infrastructure performance. In addition, we will need to appropriately scale our internal business systems and our services organization, including support of our affiliated agents as our demographics expand over time. Any failure of, or delay in, these efforts could cause impaired system performance and reduced satisfaction from our agents. These issues could result in difficulty in both attracting and retaining agents. Even if we are able to upgrade our systems and expand our staff, such expansion may be expensive, complex, and place increasing demands on our management. We could also face inefficiencies or operational failures as a result of our efforts to scale our infrastructure and we might not be successful in maintaining adequate financial and operating systems and controls as we expand. Moreover, there are inherent risks associated with upgrading, improving and expanding our information technology systems. We cannot be sure that the expansion and improvements to our infrastructure and systems will be fully or effectively implemented on a timely basis, if at all. These efforts may reduce revenue and our margins and adversely impact our financial results.

If we fail to grow in the various local markets that we serve or are unsuccessful in identifying and pursuing new business opportunities our long-term prospects and profitability will be harmed.

To capture and retain market share in the various local markets that we serve, we must compete successfully against other brokerages for agents and for the consumer relationships that they bring. Our competitors could lower the fees that they charge to agents or could raise the compensation structure for those agents. Our competitors may have access to greater financial resources than us, allowing them to undertake expensive local advertising or marketing efforts. In addition, our competitors may be able to leverage local relationships, referral sources, and strong local brand and name recognition that we have not established. Our competitors could, as a result, have greater leverage in attracting both new and established agents in the market and in generating business among local consumers. Our ability to grow in the local markets that we serve will depend on our ability to compete with these local brokerages.

We may implement changes to our business model and operations to improve revenues that cause a disproportionate increase in our expenses or reduce profit margins. For example, we may allocate resources to acquire lower margin brokerage models or develop a mortgage servicing division, a commercial real estate division, a title and escrow company or a continuing education division. These decisions could involve significant up-front costs that may only be recovered after lengthy periods of time. Any of these attempts to pursue new business opportunities could result in a disproportionate increase in our expenses and in reduced profit margins. In addition, any of these additional activities could expose us to additional compliance obligations and regulatory risks.

If we fail to continue to grow in the local markets we serve or if we fail to successfully identify and pursue new business opportunities, our long-term prospects, financial condition and results of operations may be harmed, and our stock price may decline.

Our value proposition for agents includes allowing them to keep more of their commissions than traditional companies do, and receive equity in our Company, which is not typical in the real estate industry. If agents do not understand our value proposition, we might not be able to attract, retain and incentivize agents.

Participation in our commission plan represents a key component of our agent and broker value proposition. Agents might not understand or appreciate its value. In addition, agents might not appreciate other components of our value proposition including the systems and tools that we provide to agents, and the professional development opportunities we create and deliver. If agents do not understand the elements of our agent value proposition, or do not perceive it to be more valuable than the models used by most competitors, we might not be able to attract, retain and incentivize new and existing agents to grow our revenues.

We might not be able to attract and retain additional qualified agents and other personnel.

To execute our business strategy, we must attract and retain highly qualified agents and other personnel. In particular, we compete with many other real estate brokerages for qualified agents who manage our operations in each state. We must also compete with technology companies for developers with high levels of experience in designing, developing and managing cloud-based software, as well as for skilled service and operations professionals, and we might not be successful in attracting and retaining the professionals we need. We might have difficulty in hiring and difficulty in retaining highly skilled personnel with appropriate qualifications. Many of the companies that we compete with for experienced personnel have greater resources than we do. In addition, in making decisions about where to work, in addition to cash compensation, people often consider the value of the stock options or other equity incentives they receive. If the price of our stock declines or experiences significant volatility, our ability to attract or retain personnel may be adversely affected. If we fail to attract new personnel or fail to retain and motivate our current personnel, our growth prospects could be severely harmed.

We have had a history of losses, and we might not be able to achieve or sustain profitability.

We experienced net losses of approximately \$1.6 million for the year ended December 31, 2018. We cannot predict if we will achieve sustained profitability in the near future or at all. We expect to make significant future expenditures to develop and expand our business. In addition, once we are a public company, we will incur significant legal, accounting, and other expenses that we do not currently have as a private company. These expenditures make it harder for us to achieve and maintain future profitability. Our recent growth in revenue might not be sustainable, and we might not achieve sufficient revenue to achieve or maintain profitability. We could incur significant losses in the future for a number of reasons, including the other risks described in this prospectus, and we may encounter unforeseen expenses, difficulties, complications and delays and other unknown events. Accordingly, we might not be able to achieve or maintain profitability and we may incur significant losses for the foreseeable future.

Our operating results are subject to seasonality and vary significantly among quarters during each calendar year, making meaningful comparisons of successive quarters difficult.

Seasons and weather traditionally impact the real estate industry. Spring and summer seasons historically reflect greater sales activity in comparison to fall and winter seasons. We have historically experienced lower revenues during the fall and winter seasons, as well as during periods of unseasonable weather, which reduces our operating income, net income, operating margins and cash flow. Real estate listings precede sales and a period of poor listings activity will negatively impact revenue. Past performance in similar seasons or during similar weather events can provide no assurance of future or current performance, and macroeconomic shifts in the markets we serve can conceal the impact of seasonality.

Home sales in successive quarters can fluctuate widely due to a wide variety of seasonal factors, including holidays, and the school year calendar's impact on timing of family relocations. Our revenue and operating margins each quarter will remain subject to seasonal fluctuations, that may make it difficult to compare or analyze our financial performance effectively across successive quarters.

If we fail to protect the privacy of employees, independent contractors, or consumers or personal information that they share with us, our reputation and business could be significantly harmed.

Tens of thousands of consumers, independent contractors, and employees have shared personal information with us during the normal course of our business processing residential real estate transactions. This includes, but is not limited to, social security numbers, annual income amounts and sources, consumer names, addresses, telephone and cell phone numbers, and email addresses.

The application, disclosure and safeguarding of this information is regulated by federal and state privacy laws. To comply with privacy laws, we invested resources and adopted a privacy policy outlining policies and procedures for the use of safeguarding personal information. This policy includes informing consumers, independent contractors and employees that we will not share their personal information with third parties without their consent unless required by law.

Privacy policies and compliance with federal and state privacy laws presents risk and we could incur legal liability for failing to maintain compliance. We might not become aware of all privacy laws, changes to privacy laws, or third-party privacy regulations governing the real estate business or be unable to comply with all of these regulations, given the rate of regulatory changes, ambiguities in regulations, contradictions in regulations between jurisdictions, and the difficulties in achieving both company-wide and region-specific knowledge and compliance.

Our policy and safeguards could be deemed insufficient if third parties with whom we have shared personal information fail to protect the privacy of that information. Our legal liability could include significant defense costs, settlement costs, damages and penalties, plus, damage our reputation with consumers, which could significantly damage our ability to attract and maintain customers. Any or all of these consequences would result in meaningful unfavorable impact on our brand, business model, revenue, expenses, income and margins.

Our business could be adversely affected if we are unable to expand, maintain and improve the systems and technologies upon which we rely on to operate.

As the number of agents in our Company grows, our success will depend on our ability to expand, maintain and improve the technology that supports our business operations, including, but not limited to, our cloud office platform. Loss of key personnel or the lack of adequate staffing with the requisite expertise and training could impede our efforts in this regard. If our systems and technologies lack capacity or quality sufficient to service agents and their clients, then the number of agents who wish to use our products could decrease, the level of client service and transaction volume afforded by our systems could suffer, and our costs could increase. In addition, if our systems, procedures or controls are not adequate to provide reliable, accurate and timely financial and other reporting, we might not be able to satisfy regulatory scrutiny or contractual obligations with third parties and may suffer a loss of reputation. Any of these events could negatively affect our financial position.

Cybersecurity incidents could disrupt our business operations, result in the loss of critical and confidential information, adversely impact our reputation and harm our business.

Cybersecurity threats and incidents directed at us could range from uncoordinated individual attempts to gain unauthorized access to information technology systems to sophisticated and targeted measures aimed at disrupting business or gathering personal data of customers. In the ordinary course of our business, we collect and store sensitive data, including proprietary business information and personal information about our customers. Our business, and particularly our cloud-based platform, is reliant on the uninterrupted functioning of our information technology systems. The secure processing, maintenance, and transmission of information are critical to our operations, especially the processing and closing of real estate transactions. Although we employ measures designed to prevent, detect, address, and mitigate these threats (including access controls, data encryption, vulnerability assessments, and maintenance of backup and protective systems), cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption, or unavailability of critical data and confidential or proprietary information (our own or that of third parties, including potentially sensitive personal information of our customers) and the disruption of business operations. Any such compromises to our security could cause harm to our reputation, which could cause customers to lose trust and confidence in us or could cause agents to stop working for us. In addition, we may incur significant costs for remediation that may include liability for stolen assets or information, repair of system damage, and compensation to customers and business partners. We may also be subject to legal claims, government investigation, and additional state and federal statutory requirements.

The potential consequences of a material cybersecurity incident include regulatory violations of applicable U.S. and international privacy and other laws, reputational damage, loss of market value, litigation with third parties (which could result in our exposure to material civil or criminal liability), diminution in the value of the services we provide to our customers, and increased cybersecurity protection and remediation costs (that may include liability for stolen assets or information), which in turn could have a material adverse effect on our competitiveness and results of operations.

Our business, financial condition and reputation may be substantially harmed by security breaches, interruptions, delays and failures in our systems and operations.

The performance and reliability of our systems and operations are critical to our reputation and ability to attract agents and teams of agents into our Company as well as our ability to service home buyers and sellers. Our systems and operations are vulnerable to security breaches, interruption or malfunction due to certain events beyond our control, including natural disasters, such as earthquakes, fire and flood, power loss, telecommunication failures, break-ins, sabotage, computer viruses, intentional acts of vandalism and similar events. In addition, we rely on third-party vendors to provide the cloud office platform and to provide additional systems and related support. If we cannot continue to retain these services on acceptable terms, our access to these systems and services could be interrupted. Any security breach, interruption, delay or failure in our systems and operations could substantially reduce the transaction volume that can be processed with our systems, impair quality of service, increase costs, prompt litigation and other consumer claims, and damage our reputation, any of which could substantially harm our financial condition.

We face significant risk to our brand and revenue if we fail to maintain compliance with the law and regulations of federal, state, foreign, or county governmental authorities, or private associations and governing boards.

We operate in a heavily regulated industry with regulated labor classifications which present significant risk in general for each potential instance where we fail to maintain compliance.

Our agents can be classified as either employees or independent contractors, and we could potentially misclassify or fail to consistently achieve compliance. Classifications and compliance are subject to the Internal Revenue Service regulations and applicable state law guidelines and penalties.

Classifications, regulations and guidelines for agents are subject to judicial and agency interpretation as well as periodic changes. Changes, or any indication of changes, may adversely impact our workforce classifications, expenses, compensation, commission structure, roles and responsibilities and broker organization.

Beyond workforce regulations and classifications, there exist complex, heavily regulated federal, state and local authority laws, regulations and policies governing our real estate business.

In general, the laws, rules and regulations that apply to our business practices include, without limitation, the federal Real Estate Settlement Procedures Act, or RESPA, the federal Fair Housing Act, the Dodd-Frank Act, and federal advertising and other laws, as well as comparable state statutes; rules of trade organization such as NAR, local MLSs, and state and local AORs; licensing requirements and related obligations that could arise from our business practices relating to the provision of services other than real estate brokerage services; privacy regulations relating to our use of personal information collected from the registered users of our websites; laws relating to the use and publication of information through the Internet; and state real estate brokerage licensing requirements, as well as statutory due diligence, disclosure, record keeping and standard-of-care obligations relating to these licenses. The U.S. Department of Justice has opened an anti-trust investigation of some of our biggest competitors, and they are defendants in related lawsuits that could negatively impact our industry.

Additionally, the Dodd-Frank Wall Street Reform and Consumer Protection Act contains the Mortgage Reform and Anti-Predatory Lending Act, or the Mortgage Act, which imposes a number of additional requirements on lenders and servicers of residential mortgage loans, by amending certain existing provisions and adding new sections to RESPA and other federal laws. It also broadly prohibits unfair, deceptive or abusive acts and practices, and knowingly or recklessly providing substantial assistance to a covered person in violation of that prohibition. The penalties for noncompliance with these laws are also significantly increased by the Mortgage Act, which could lead to an increase in lawsuits against mortgage lenders and servicers.

Maintaining legal compliance is challenging and increases our costs due to resources required to continually monitor business practices for compliance with applicable laws, rules and regulations, and to monitor changes in the applicable laws themselves.

We might not be aware of all the laws, rules and regulations that govern our business, or be able to comply with all of them, given the rate of regulatory changes, ambiguities in regulations, contradictions in laws and regulations between jurisdictions, and the difficulties in achieving both company-wide and region-specific knowledge and compliance.

If we fail, or we have been alleged to have failed, to comply with any existing or future applicable laws, rules and regulations, we could be subject to lawsuits and administrative complaints and proceedings, as well as criminal proceedings. Our noncompliance could result in significant defense costs, settlement costs, damages and penalties.

Additionally, our business licenses could be suspended or revoked, our business practices enjoined, or we could be required to modify our business practices, which could materially impair, or even prevent, our ability to conduct all or any portion of our business. Any such events could also damage our reputation and impair our ability to attract and service home buyers, home sellers and agents, as well our ability to attract brokerages, teams of agents and individual agents to our Company, without increasing our costs.

Further, if we lose our ability to obtain and maintain all of the regulatory approvals and licenses necessary to conduct business as we currently operate, our ability to conduct business may be harmed. Lastly, any lobbying or related activities we undertake in response to mitigate liability of current or new regulations could substantially increase our operating expenses.

We identified material weaknesses in our internal control over financial reporting, and we may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements of our financial statements. If we fail to remediate any material weaknesses or if we otherwise fail to establish and maintain effective control over financial reporting, our ability to accurately and timely report our financial results could be adversely affected.

Upon becoming a public company, we will be required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our controls over financial reporting. Although we will be required to disclose changes made in our internal controls and procedures on a quarterly basis, we will not be required to make our first annual assessment of our internal controls over financial reporting pursuant to Section 404 until our annual report on Form 10-K for the fiscal year ending December 31, 2020. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on the effectiveness of our internal control over financial reporting, provided that our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the Securities and Exchange Commission, or SEC, following the later of the date we are deemed to be an "accelerated filer" or a "large accelerated filer," each as defined in the Exchange Act, or the date we are no longer an emerging growth company, as defined in the JOBS Act. We could be an emerging growth company for up to five years.

In connection with the audit of our financial statements for the year ended December 31, 2018, we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our consolidated financial statements will not be prevented or detected on a timely basis.

For the years ended December 31, 2017 and 2018, we did not effectively apply the Internal Control- Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, or the COSO framework, due primarily to an insufficient complement of personnel possessing the appropriate accounting and financial reporting knowledge and experience to determine the appropriate accounting for non-recurring transactions and transactions requiring more complex accounting judgment.

In addition, we utilize a general ledger system that is not integrated with BackAgent, the system utilized to track our revenue transactions. Ineffective control activities related to the reconciliation of BackAgent to the general ledger system resulted in material adjustments to revenue for the years ended December 31, 2017 and 2018. Finally, the Company did not maintain effective logical access and program change controls over the third-party systems, including BackAgent and the general ledger system.

Although, management is working to remediate the material weakness by hiring additional qualified accounting and financial reporting personnel, and further evolving our accounting processes and systems, we cannot assure you that these measures will be sufficient to remediate the material weaknesses that has been identified or prevent future material weaknesses or significant deficiencies from occurring. Beginning in 2019, we implemented a new revenue tracking system and have enhanced the logical access and program change controls. We also continue to utilize an accounting and financial reporting advisory firm with significant experience with publicly held companies to assist our management in evaluating significant transactions and conclusions reached regarding technical accounting matters and financial reporting disclosures.

We may identify future material weaknesses in our internal controls over financial reporting or fail to meet the demands that will be placed upon us as a public company, including the requirements of the Sarbanes-Oxley, and we may be unable to accurately report our financial results, or report them within the timeframes required by law or stock exchange regulations. We cannot assure that our existing material weakness will be remediated or that additional material weaknesses will not exist or otherwise be discovered, any of which could adversely affect our reputation, financial condition and results of operations.

Loss of our current executive officers or other key management could significantly harm our business.

We depend on the industry experience and talent of our current executives, including our Founder and Chief Executive Officer Joshua Harley, and President and Chief Financial Officer Marco Fregenal. We also rely on individuals in key management positions within our operations, finance, and technology teams. We believe that our future results will depend, in part, upon our ability to retain and attract highly skilled and qualified management. The loss of our executive officers or any key personnel could have a material adverse effect on our operations because other officers might not have the experience and expertise to readily replace these individuals. To the extent that one or more of our top executives or other key management personnel depart from the Company, our operations and business prospects may be adversely affected. In addition, changes in executives and key personnel could be disruptive to our business. The Company does not have any key person insurance.

Employee or agent litigation and unfavorable publicity could negatively affect our future business.

Our employees or agents may, from time to time, bring lawsuits against us alleging injury, creating a hostile work place, discrimination, wage and hour disputes, sexual harassment, or other employment issues. In recent years there has been an increase in the number of discrimination and harassment claims against companies generally. Coupled with the expansion of social media platforms and similar devices that allow individuals access to a broad audience, these claims have had a significant negative impact on some businesses. Certain companies that have faced such lawsuits have had to terminate management or other key personnel, and have suffered reputational harm that has negatively impacted their business. If we were to face any claims, our business could be negatively affected.

Failure to protect intellectual property rights could adversely affect our business.

Our intellectual property rights, including existing and future trademarks, trade secrets and copyrights, are important assets of the business. We have taken measures to protect our intellectual property, but these measures might not be sufficient or effective. We may bring lawsuits to protect against the potential infringement of our intellectual property rights and other companies, including our competitors, could make claims against us alleging our infringement of their intellectual property rights. There can be no assurance that we would prevail in such lawsuits. Any significant impairment of our intellectual property rights could harm our business.

We may evaluate potential vendors, suppliers and other business partners for acquisition in order to accelerate growth but might not succeed in identifying suitable candidates or may acquire businesses that negatively impact us.

As part of our growth strategy, we may evaluate the potential acquisition of businesses offering products or services that complement our services offerings. If we identify a business that we deem to be suitable for acquisition and complete an acquisition, our evaluation may prove faulty and the acquisition may prove unsuccessful. In addition, an acquisition may prove unsuccessful if we fail to effectively execute a post-acquisition integration strategy. We may be unable to successfully integrate the systems and personnel of the acquired businesses. An acquisition could negatively impact our culture or undermine its core values. Acquisitions could disrupt our existing operations or cause management to divert its focus from our core business. An acquisition could cause potentially dilutive issuances of equity securities, incurrence of debt, contingent liabilities or could cause us to assume or incur unknown or unforeseen liabilities. From time to time, we intend to evaluate other brokerages for acquisition in order to accelerate growth and might not succeed in identifying suitable candidates or we may acquire brokerages that negatively impact us.

Our future revenues and growth prospects could be adversely affected by our dependence on other contractors.

Our business is highly dependent on a few significant technology vendors. In the event we were to lose one of our significant vendor partners, our business could be adversely affected because we could be forced to move this technology to another vendor, which would take significant time away from our management running our core business. Our business, results of operations and financial condition could be materially adversely affected by the loss of one key relationship, as it would take a significant amount of time to replace this relationship with uncertain results.

We are subject to certain risks related to litigation filed by or against us, and adverse results may harm our business and financial condition.

The real estate industry often involves litigation, ranging from individual lawsuits by unhappy buyers or sellers to large class actions and government investigations, like those some of our biggest competitors are currently facing for alleged anti-trust law violations. We often are involved in various lawsuits and legal proceedings that arise in the ordinary course of business.

We cannot predict with certainty the cost of our defense, the cost of prosecution, insurance coverage, or the ultimate outcome of litigation and other proceedings filed by or against us, including remedies or damage awards. Adverse results in such litigation and other proceedings may harm our business and financial condition. Such litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, commercial arrangements, negligence and fiduciary duty claims arising from our Company-owned brokerage operations, actions against our title company alleging it knew or should have known others were committing mortgage fraud, standard brokerage disputes like the failure to disclose hidden defects in a property such as mold, vicarious liability based upon conduct of individuals or entities outside of our control, including our agents, third-party service or product providers, antitrust claims, general fraud claims, employment law claims, including claims challenging the classification of our agents as independent contractors and compliance with wage and hour regulations, and claims alleging violations of RESPA or state consumer fraud statutes. In addition, class action lawsuits can often be particularly burdensome given the breadth of claims, large potential damages and significant costs of defense. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business and injunctions prohibiting our use of business processes or technology that is subject to third party patents or other third-party intellectual property rights. In addition, we may be required to enter into licensing agreements (if available on acceptable terms) and be required to pay royalties.

The real estate industry generates a lot of litigation, which could harm our business, reputation, operating results, and liquidity. The Company has general liability and an errors and omissions insurance policy to help protect the Company against claims of inadequate work or negligent action. However, this insurance might not continue to be available to us on commercially reasonable terms or at all, or a claim otherwise covered by our insurance may exceed our coverage limits, or a claim might not be covered at all. We may be subject to errors or omissions claims that could have an adverse effect on us. Moreover, defending a suit, regardless of its merits, could entail substantial expense and require the time and attention of key management personnel.

Part of our technology is currently developed in foreign countries, including Brazil, which makes us subject to certain risks associated with foreign laws and regulations.

We currently develop portions of our technology in Brazil and could in the future conduct operations in foreign jurisdictions. Conducting business in foreign countries involves inherent risks, including, but not limited to: difficulties in staffing, funding and managing foreign operations; unexpected changes in regulatory requirements; export restrictions; tariffs and other trade barriers; difficulties in protecting, acquiring, enforcing and litigating intellectual property rights; fluctuations in currency exchange rates; and potentially adverse tax consequences.

If we were to experience any of the difficulties listed above, or any other difficulties, any international development activities and our overall financial condition may suffer.

Risks Related to Our Industry

Our results are tied to the residential real estate market and we may be negatively impacted by downturns in this market and general global economic conditions.

The residential real estate market tends to be cyclical and typically is affected by changes in general macroeconomic conditions which are beyond our control. These conditions include short-term and long-term interest rates, inflation, fluctuations in debt and equity capital markets, levels of unemployment, consumer confidence and the general condition of the U.S. and the global economy. The residential real estate market also depends upon the strength of financial institutions, which are sensitive to changes in the general macroeconomic and regulatory environment. Lack of available credit or lack of confidence in the financial sector could impact the residential real estate market, which in turn could materially and adversely affect our business, financial condition and results of operations.

For example, the U.S. residential real estate market has steadily improved in recent years after a significant and prolonged downturn, which began in the second half of 2005 and continued through 2011. However, we cannot predict whether the market will continue to improve. If the residential real estate market or the economy as a whole does not continue to improve, we may experience adverse effects on our business, financial condition and liquidity, including our ability to access capital and grow our business.

Any of the following could cause a decline in the housing or mortgage markets and have a material adverse effect on our business by causing periods of lower growth or a decline in the number of home sales or home prices which, in turn, could adversely affect our revenue and profitability:

- an increase in the unemployment rate;
- a decrease in the affordability of homes due to changes in interest rates, home prices, and rates of wage and job growth;
- slow economic growth or recessionary conditions;
- weak credit markets;
- low consumer confidence in the economy or the residential real estate market;
- instability of financial institutions;
- legislative, tax or regulatory changes that would adversely impact the residential real estate or mortgage markets, including but not limited to potential reform relating to Fannie Mae, Freddie Mac and other government sponsored entities, or GSEs, that provide liquidity to the U.S. housing and mortgage markets;

- increasing mortgage rates and down payment requirements or constraints on the availability of mortgage financing, including but not limited to the potential impact of various provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, or other legislation and regulations that may be promulgated thereunder relating to mortgage financing, including restrictions imposed on mortgage originators, as well as retention levels required to be maintained by sponsors to securitize certain mortgages;
- excessive or insufficient home inventory levels on a regional level;
- high levels of foreclosure activity, including but not limited to the release of homes already held for sale by financial institutions;
- adverse changes in local or regional economic conditions;
- the inability or unwillingness of homeowners to enter into home sale transactions due to negative equity in their existing homes;
- demographic changes, such as a decrease in household formations; lower turnover in the housing market due to homeowners staying in the same home longer than in the past; slowing rate of immigration or population growth;
- decrease in home ownership rates, declining demand for real estate and changing social attitudes toward home ownership;
- changes in local, state and federal laws or regulations that affect residential real estate transactions or encourage ownership, including but not limited to changes in tax law in late 2017 that limit the deductibility of certain mortgage interest expense, the application of the alternative minimum tax, and real property taxes and employee relocation expense; or
- acts of nature, such as hurricanes, earthquakes and other natural disasters that disrupt local or regional real estate markets and which may, in some circumstances lead us to waive certain fees in impacted areas.

A lack of financing for homebuyers in the U.S. residential real estate market at favorable rates and on favorable terms could have a material adverse effect on our financial performance and results of operations.

Our business is significantly impacted by the availability of financing at favorable rates or on favorable terms for homebuyers, which may be affected by government regulations and policies. Certain potential reforms such as the U.S. federal government’s conservatorship of Fannie Mae and Freddie Mac, proposals to reform the U.S. housing market, attempts to increase loan modifications for homeowners with negative equity, monetary policy of the U.S. government, increases in interest rates and the Dodd-Frank Act may adversely impact the housing industry, including homebuyers’ ability to finance and purchase homes.

The monetary policy of the U.S. government, and particularly the Federal Reserve Board, which regulates the supply of money and credit in the U.S., significantly affects the availability of financing at favorable rates and on favorable terms, which in turn affects the domestic real estate market. Policies of the Federal Reserve Board can affect interest rates available to potential homebuyers. Further, we are affected by any rising interest rate environment. Changes in the Federal Reserve Board’s policies, the interest rate environment and mortgage market are beyond our control, are difficult to predict, and could restrict the availability of financing on reasonable terms for homebuyers, which could have a material adverse effect on our business, results of operations and financial condition. Since December 2015, the Federal Open Market Committee of the Federal Reserve Board has raised the target range for federal funds nine times, including three times in 2017 and four times in 2018, after leaving the federal funds interest rate near zero since late 2008. The pace of future increases in the federal funds rate is uncertain, although the Federal Open Market Committee has indicated it expects additional increases to occur. Historically, changes in the federal funds rate have led to changes in interest rates for other loans, but the extent of the impact on the future availability and price of mortgage financing cannot be predicted with certainty.

In addition, a reduction in government support for home financing, including the possible winding down of GSEs could further reduce the availability of financing for homebuyers in the U.S. residential real estate market. In connection with the U.S. federal government's conservatorship of Fannie Mae and Freddie Mac, it provided billions of dollars of funding to these entities during the real estate downturn, in the form of preferred stock investments to backstop shortfalls in their capital requirements. No consensus has emerged in Congress concerning potential reforms relating to Fannie Mae and Freddie Mac, so we cannot predict either the short- or long-term effects of such regulation and its impact on homebuyers' ability to finance and purchase homes.

Furthermore, many lenders significantly tightened their underwriting standards since the real estate downturn, and many subprime and other alternative mortgage products are no longer common in the marketplace. If these mortgage loans continue to be difficult to obtain, including in the jumbo mortgage markets, the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes could be adversely affected, which would adversely affect our operating results.

The Dodd-Frank Act, which was passed to more closely regulate the financial services industry, created the Consumer Financial Protection Bureau ("CFPB"), an independent federal bureau, which enforces consumer protection laws, including various laws regulating mortgage finance. The Dodd-Frank Act also established new standards and practices for mortgage lending, including a requirement to determine a prospective borrower's ability to repay a loan, removing incentives to originate higher cost mortgages, prohibiting prepayment penalties for non-qualified mortgages, prohibiting mandatory arbitration clauses, requiring additional disclosures to potential borrowers and restricting the fees that mortgage originators may collect. Rules implementing many of these changes protect creditors from certain liabilities for loans that meet the requirements for "qualified mortgages." The rules place several restrictions on qualified mortgages, including caps on certain closing costs. These and other rules promulgated by the CFPB could have a significant impact on the availability of home mortgages and how mortgage agents and lenders transact business. In addition, the Dodd-Frank Act contained provisions that require GSEs, including Fannie Mae and Freddie Mac, to retain an interest in the credit risk arising from the assets they securitize. This may serve to reduce GSEs' demand for mortgage loans, which could have a material adverse effect on the mortgage industry, and may reduce the availability of mortgages to certain borrowers.

While we are continuing to evaluate all aspects of legislation, regulations and policies affecting the domestic real estate market, we cannot predict whether or not such legislation, regulation and policies may increase down payment requirements, increase mortgage costs, or result in increased costs and potential litigation for housing market participants, any of which could have a material adverse effect on our financial condition and results of operations.

The occurrence of natural or man-made disasters could adversely affect our operations, results of operations and financial condition.

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our operations, results of operations or financial condition, even if home values and buyers' access to financing has not been affected.

Risks Related to Owning Our Common Stock

This offering differs significantly from an underwritten initial public offering.

This is not an underwritten initial public offering. This offering differs from an underwritten initial public offering in several significant ways, which include, but are not limited to, the following:

- There are no underwriters. Consequently, prior to the opening of trading on the OTC Markets, there will be no book-building process and no price at which underwriters initially sell shares to the public to help inform efficient price discovery with respect to the opening trades on the OTC Markets. Therefore, buy and sell orders submitted prior to and at the opening of trading of the Shares on the OTC Markets will not have the benefit of being informed by a published price range or a price at which the underwriters initially sell shares to the public. Moreover, there will be no underwriters assuming risk in connection with the initial resale of the Shares. Additionally, because there are no underwriters, there is no underwriters' option to purchase additional shares to help stabilize, maintain, or affect the public price of the Shares on the OTC Markets immediately after the offering. In an underwritten initial public offering, the underwriters may engage in "covered" short sales in an amount of shares representing the underwriters' option to purchase additional shares. To close a covered short position, the underwriters purchase shares in the open market or exercise the underwriters' option to purchase additional shares. In determining the source of shares to close the covered short position, the underwriters typically consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the underwriters' option to purchase additional shares. Purchases in the open market to cover short positions, as well as other purchases underwriters may undertake for their own accounts, may have the effect of preventing a decline in the market price of shares. Given that there will be no underwriters' option to purchase additional shares or underwriters engaging in stabilizing transactions, there could be greater volatility in the public price of our shares of common stock during the period immediately following the offering. See also "*The price of our common stock may fluctuate significantly.*"

- Although Messrs. Fregenal and Sampson intend to enter into Rule 10b5-1 plans to sell up to an aggregate of shares, we cannot predict the number of securities available for sale hereunder at any given price. Therefore, there can be no assurance that any Selling Shareholders or other existing shareholders will sell any or all of their shares of common stock and there may initially be a lack of supply of, or demand for, our common stock on the OTC Markets. Alternatively, we may have a large number of Selling Shareholders who choose to sell their Shares in the near-term resulting in oversupply of our shares of common stock, which could adversely impact the public price of the Shares once quoted on the OTC Markets.
- None of the Selling Shareholders or other existing shareholders have entered into contractual lock-up agreements or other contractual restrictions on transfer. In an underwritten initial public offering, it is customary for an issuer’s officers, directors, and most of its other shareholders to enter into a 180-day contractual lock-up arrangement with the underwriters to help promote orderly trading immediately after the offering. Consequently, any of our shareholders, including our directors and officers who own shares of our common stock, and other significant shareholders, may sell any or all of their shares of common stock at any time (subject to any restrictions under applicable law), including immediately upon our quotation on the OTC Markets. If such sales occur at a significant volume, it may result in an oversupply of our shares of common stock in the market, which could adversely impact the public price of the Shares. See also “—None of our shareholders are party to any contractual lock-up agreement or other contractual restrictions on transfer. Sales of substantial amounts of our shares of common stock in the public markets by our founders, affiliates, or non-affiliates, or the perception that such sales might occur, could reduce the price that our shares of common stock might otherwise attain and may dilute your voting power and your ownership interest in us.”
- We will not conduct a traditional “roadshow” with underwriters to market the Shares to investors prior to the opening of trading on the OTC Markets. Instead, we are considering hosting an “investor day”, as well as engaging in other investor education meetings. In advance of any investor day, we will announce the date for such day over financial news outlets in a manner consistent with typical corporate outreach to investors. We will prepare an electronic presentation for this investor day, which will have content similar to a traditional roadshow presentation, and make a version of the presentation publicly available, without restriction, on a website. There can be no guarantees that any investor day and other investor education meetings will have the same impact on investor education as a traditional “roadshow” conducted in connection with an underwritten initial public offering. As a result, there might not be efficient price discovery with respect to the Shares or sufficient demand among investors immediately after the offering, which could result in a more volatile public price of the Shares.

Such differences from an underwritten initial public offering could result in a volatile market price for the Shares and uncertain trading volume and may adversely affect your ability to sell the Shares.

The public price of our shares of common stock, upon quotation on the OTC Markets, may have little or no relationship to the historical sales prices of our shares of common stock in private placements.

Prior to quotation on the OTC Markets, there has been no public market for our shares of common stock. In the section titled “*Market for Common Stock*,” we have provided the historical sales prices of our common stock in private placements. However, this information may have little or no relation to broader market demand for our common stock and thus the initial public price of our shares of common stock on the OTC Markets once trading begins. As a result, you should not place undue reliance on these historical sales prices as they may differ materially from the opening public prices and subsequent public prices of our shares of common stock on the OTC Markets. For more information about how the initial listing price on the OTC Markets will be determined, see “*Plan of Distribution*.”

Because we are engaging in a direct registration, there is less certainty as to the price of our common stock.

As this offering is taking place via a somewhat unusual process that is not an underwritten initial public offering, there will be no book-building process and no price at which underwriters initially sold shares to the public to help inform efficient price discovery with respect to the opening trades on the OTC Markets. Based on information provided by the OTC Markets, the opening public price of our shares of common stock on the OTC Markets will be determined by buy and sell orders collected by the OTC Markets from broker-dealers and the OTC Markets is where buy orders can be matched with sell orders at a single price. Based on such orders, the designated market maker (the “DMM”) will determine an opening price for our shares of common stock. For more information, see “*Plan of Distribution*.”

Prior to the opening trade, there will not be a price at which underwriters initially sold our common stock to the public as there would be in an underwritten initial public offering. This lack of an initial public offering price could impact the range of buy and sell orders collected by the OTC Markets from various broker-dealers. Consequently, the public price of our shares of common stock may be more volatile than in an underwritten initial public offering and could, upon our quotation on the OTC Markets, decline significantly and rapidly.

Moreover, because of the nature of this offering process, individual investors may have a greater influence in setting the opening public price and subsequent public prices of our shares of common stock on the OTC Markets and may have a higher participation in the offering than is typical for an underwritten initial public offering. This could result in a public price of our shares of common stock that is higher than other investors (such as institutional investors) are willing to pay. This could cause volatility in the trading price of our shares of common stock and an unsustainable trading price if the price of our shares of common stock significantly rises upon quotation on the OTC Markets and institutional investors believe our shares of common stock are worth less than retail investors, in which case the price of our shares of common stock may decline over time. Further, if the public price of our shares of common stock is above the level that investors determine is reasonable for our shares of common stock, some investors may attempt to short our common stock after trading begins, which would create additional downward pressure on the public price of our shares of common stock.

The price of our common stock may fluctuate significantly.

The market price for our common stock could fluctuate significantly for various reasons, many of which are outside our control, including those described in this “Risk Factors” section, and the following:

- our operating and financial performance and prospects;
- future sales of substantial amounts of our common stock in the public market, including but not limited to shares we may issue from time to time as consideration for future acquisitions or investments;
- housing and mortgage finance markets;
- the incurrence of additional indebtedness or other adverse changes relating to our debt;
- our quarterly or annual earnings or those of other companies in our industry;
- future announcements concerning our business or our competitors’ businesses;
- the public’s reaction to our press releases, other public announcements and filings with the SEC;

- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- actual or potential changes in laws, regulations and regulatory interpretations, including as a result of the Tax Cuts and Jobs Act of 2017, or the 2017 Tax Act;
- changes in interest rates;
- changes in demographics relating to housing such as household formation;
- changing consumer attitudes concerning home ownership;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;
- adverse resolution of new or pending litigation, arbitration or regulatory proceedings against us; and
- changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low.

If any of the foregoing occurs, it could cause our stock price to fall and may expose us to litigation, including class action lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

Joshua Harley, our Chief Executive Officer and Executive Chairman of the Board, together with Marco Fregenal, our President and Chief Financial Officer, and Director, and Glenn Sampson, a significant shareholder and Board member, own a significant percentage of our stock, and as a result, they can take actions that may be adverse to the interests of the other shareholders and the trading price for our common stock may be depressed.

Joshua Harley, Marco Fregenal, and Glenn Sampson beneficially own approximately 50.86%, 15.25%, and 23.78% of our outstanding common stock, respectively, as of June 30, 2019. This significant concentration of share ownership may adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in companies with controlling shareholders. The three shareholders voting together can significantly influence all matters requiring approval by our shareholders, including the election and removal of directors and any proposed merger, acquisition, consolidation or sale of all or substantially all of our assets. In addition, due to his significant ownership stake and his service as our Executive Chairman of the Board and Chief Executive Officer, Mr. Harley controls the management of our business and affairs. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control, or impeding a merger or consolidation, takeover or other business combination that could be favorable to our other shareholders.

Because we can issue additional shares of common stock, our shareholders may experience dilution in the future.

We are authorized to issue up to 100,000,000 shares of common stock, of which approximately 46,607,620 shares were issued and outstanding as of June 30, 2019. Our board of directors (our "Board") has the authority to cause us to issue additional shares of common stock without consent of any of our shareholders. Consequently, the shareholders may experience more dilution in their ownership of our stock in the future.

Our common stock is illiquid, and the price of our common stock may be negatively impacted by factors which are unrelated to our operations.

We expect the shares of our common stock will be listed for quotation on the OTC Markets operated by the OTC Markets Group. Trading through the OTC Markets is frequently thin and, as a result, the trading price of our stock will be highly volatile. There is no assurance that a sufficient market will develop in our stock, in which case it could be difficult for shareholders to sell their stock. The market price of our common stock will fluctuate substantially due to a variety of factors, including market perception of our ability to achieve our planned growth, quarterly operating results of our competitors, trading volume in our common stock, changes in general conditions in the economy and the financial markets or other developments affecting our competitors or us. In addition, the stock market is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to their operating performance and could have the same effect on our common stock.

Because we do not intend to pay any cash dividends on our shares of common stock in the near future, our shareholders will not be able to receive a return on their shares unless they sell them.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the near future. The declaration, payment and amount of any future dividends will be made at the discretion of our Board, and will depend upon, among other things, the results of operations, cash flows and financial condition, operating and capital requirements, and other factors as our Board considers relevant. There is no assurance that future dividends will be paid, and if dividends are paid, there is no assurance with respect to the amount of any such dividend. Unless we pay dividends, our shareholders will not be able to receive a return on their shares unless they sell them.

FINRA sales practice requirements may also limit a shareholder's ability to buy and sell our stock.

The Financial Industry Regulatory Authority, or FINRA, has adopted rules that require that in recommending an investment to a purchaser, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that purchaser. Prior to recommending speculative low-priced securities to their non-institutional purchaser, broker-dealers must make reasonable efforts to obtain information about the purchaser's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some potential investors. FINRA requirements make it more difficult for broker-dealers to recommend that their purchaser buy our common stock, which may limit an investor's ability to buy and sell our stock and have an adverse effect on the market for our shares.

None of our shareholders are party to any contractual lock-up agreement or other contractual restrictions on transfer. Sales of substantial amounts of our shares of common stock in the public markets by our founders, affiliates, or non-affiliates, or the perception that such sales might occur, could reduce the price that our shares of common stock might otherwise attain and may dilute your voting power and ownership interest in us.

Sales of substantial amounts of our shares of common stock in the public market by our founders, affiliates, or non-affiliates following our quotation on the OTC Markets, or the perception that such sales could occur, could adversely affect the public price of our shares of common stock and may make it more difficult for you to sell your shares of common stock at a time and price that you deem appropriate. We have 46,607,620 shares of common stock outstanding as of June 30, 2019, all of which will be "restricted securities" as that term is defined under Rule 144 of the Securities Act, of which, substantially all may be immediately sold by the Selling Shareholders pursuant to this prospectus. Moreover, once we have been a reporting company subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") for 90 days and assuming the availability of certain public information about us, (i) a non-affiliate who has beneficially owned shares for at least six months may rely on Rule 144 to sell their shares, and (ii) an affiliate who has beneficially owned shares for at least six months, including certain of the shares covered by this prospectus to the extent not sold hereunder, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of either of the following: (a) 1% of the number of shares then outstanding, and (b) the average weekly reported volume of trading of our shares during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

We also may issue securities convertible into our share capital from time to time in connection with a financing, acquisition, investments, or otherwise. Any such issuance could result in substantial dilution to our existing shareholders and cause the public price of our shares of common stock to decline.

The requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain qualified board of director members.

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and other applicable securities rules and regulations. Compliance with these rules and regulations, even as a "smaller reporting company," will increase our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more resources in the future, which will increase our costs and expenses.

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure create uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us, and our business may be harmed.

We also expect that being a public company combined with these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors also could make it more difficult for us to attract and retain qualified management and members of our Board, particularly to serve on our audit committee and compensation committee.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed. Even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and materially harm our business, operating results, and financial condition.

USE OF PROCEEDS

Selling Shareholders may, or may not, elect to sell their Shares covered by this prospectus. To the extent any Selling Shareholder chooses to sell their Shares covered by this prospectus, we will not receive any proceeds from any such sales of the Shares, see “*Security Ownership of Certain Beneficial Owners and Management*” and “*Selling Shareholders*.”

MARKET FOR COMMON STOCK

We plan to apply to have the Shares quoted on the OTC Markets. Prior to the initial quotation, no public market will have existed for the Shares. However, we have had recent sales of shares of our common stock in private placements. The table below shows the sales prices for our shares of common stock in private placements since the filing of Articles of Amendment to our Articles of Incorporation on September 4, 2018. This information may, however, have little or no relation to broader market demand for the Shares and thus the opening public price and subsequent public price of the Shares on the OTC Markets. As a result, you should not place undue reliance on these historical sales prices as they may differ materially from the opening public price and subsequent public price of the Shares on the OTC Markets, see “*Risk Factors — The public price of our shares of common stock, upon quotation on the OTC Markets, may have little or no relationship to the historical sales prices of our shares of common stock in private placements.*”

	<u>Per Share Sale Price (\$)</u>	<u>Number of Shares of Common Stock Sold in the Period</u>	<u>Number of Shares of Common Stock Outstanding (Period End)</u>
Annual			
Year ended December 31, 2018 (since September 4, 2018)	1.00	1,710,000	44,488,311
Quarterly			
<i>Year ended December 31, 2018</i>			
Third Quarter (since September 4, 2018)	—	—	42,778,311
Fourth Quarter	1.00	1,710,000	44,488,311
<i>Year ending December 31, 2019</i>			
First Quarter	\$ 1.00	576,000	45,974,403
Second Quarter	—	—	—
Third Quarter	—	—	—
Fourth Quarter (until the date of this filing)	—	—	—

Holders

As of June 30, 2019, there are approximately 770 holders of our common stock.

DIVIDEND POLICY

We have not paid any cash dividends on our common stock to date, and our Board intends to continue a policy of retaining earnings, if any, for use in our operations. We are organized under the North Carolina Business Corporation Act, which prohibits the payment of a dividend if, after giving it effect, we would not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities plus the amount that would be needed, if we were to be dissolved, to satisfy the preferential rights upon dissolution of any preferred shareholders. Any determination by our Board to pay dividends in the future to shareholders will be dependent upon our operational results, financial condition, capital requirements, business projections, general business conditions, statutory and regulatory restrictions and any other factors deemed appropriate by our Board.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our "Selected Consolidated Financial Data" and our consolidated and combined financial statements, the accompanying notes, and other financial information included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties, such as our plans, estimates, and beliefs. Our actual results could differ materially from those forward-looking statements below. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed under "Risk Factors" included elsewhere in this prospectus.

Overview

Fathom Holdings Inc. ("Fathom Holdings," and collectively with its combined and consolidated subsidiaries and affiliates, the "Company") is a cloud-based, technology-driven real estate brokerage company, working with agents, to help individuals purchase and sell residential properties primarily in the South, Atlantic, Southwest and Western parts of the United States. The Company has operations located in multiple states nationwide. The Company operates as one operating and reporting segment.

Fathom Realty Holdings, LLC, a Texas limited liability company ("Fathom Realty"), is a wholly owned subsidiary of Fathom Holdings that was formed on April 11, 2011 and is headquartered in Cary, North Carolina. Fathom Realty, previously doing business as Fathom Holdings TX, LLC, owns 100% of 19 subsidiaries, each an LLC representing the state the entity operates in (e.g. Fathom Realty NJ, LLC).

Fathom Realty Group Inc. ("Fathom Group"), is an S-Corporation formed in Texas on April 14, 2011. Fathom Group functions in a manner similar to Fathom Realty subsidiaries (i.e. representing Fathom Holdings' business interests in California).

Fathom Holdings Inc., which is a North Carolina corporation, was known as Fathom Ventures, Inc. ("Fathom Ventures") prior to our filing of Articles of Amendment to our Articles of Incorporation on September 4, 2018 changing the name of the corporation and amending the number of authorized shares to 185,000,000 shares, no par value per share, all of one class designated common stock (85,000,000 of which were designated as Series A common stock and 100,000,000 of which were designated as Series B common stock).

Beginning in August 2018, we effected a corporate reorganization ("the Reorganization"), whereby the former members of our direct, wholly-owned subsidiary, Fathom Realty Holdings LLC contributed all of their ownership interests in Fathom Realty Holdings LLC to Fathom Holdings Inc. in exchange for shares of our stock at a ratio of 1 to 3.169907. Prior to such contribution and exchange, the shareholders of Fathom Group contributed all of their shares of stock in Fathom Group to Fathom Realty Holdings LLC in exchange for additional ownership interests in Fathom Realty Holdings LLC.

As part of the Reorganization, we restated our Articles of Incorporation on September 11, 2018 such that (i) each share of Series A common stock outstanding as of immediately prior to the filing of the Restated Articles of Incorporation was cancelled and (ii) each two shares of Series B common stock outstanding as of immediately prior to the filing of the Restated Articles of Incorporation was converted and reclassified into one share of common stock. Pursuant to the Restated Articles of Incorporation, we also amended the number of authorized shares of the corporation to 100,000,000 shares, no par value, all of one class designated common stock. We refer to these steps as the "Exchange Transactions." The Exchange Transactions did not affect our operations, which we continue to conduct through our operating subsidiaries.

Prior to and through the date of the Exchange Transactions, Fathom Holdings' Chief Executive Officer was the majority shareholder/member in each of Fathom Realty, Fathom Group and Fathom Ventures. Therefore, the Exchange Transactions have been accounted for as acquisitions under common control and due to the similar nature of the entities business, the financial statements for the year ended December 31, 2017, and the three months and six months ended June 30, 2018, have been presented on a combined basis.

Agents

Due to our low-overhead business model, which leverages our proprietary technology, we can offer our agents the ability to keep significantly more of their commissions compared to traditional real estate brokerage firms. We believe we offer our agents some of the best technology, training, and support available in the industry. We believe our business model and our focus on treating our agents well attract more agents and higher-producing agents.

The Company had the following number of agents as of:

	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>Change</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>Change</u>
Agents	1,734	2,724	57%	2,004	3,275	63%

Components of Our Results of Operations

Revenue

We generate revenue primarily from commissions on completed real estate transactions.

We recognize commission-based revenue on the closing of a transaction, less the amount of any closing-cost reduction. Commission revenue is affected by the number of real estate transactions we close, the mix of transactions, home sale prices, and commission rates.

Agent Equity Ownership

Under its stock plans, the Company intends to offer an equity incentive program where all of its agents can receive, in lieu of cash commissions at the closing of sales transactions, Company common stock grants that vest in three years based on continued affiliation with the Company.

Effective January 1, 2019, agents can also receive stock grants when they refer an agent to join the Company and the agent closes their first sale after joining the Company. To date, no stock grants have been earned pursuant to this program.

Cost of Revenue

Cost of revenue consists primarily of agent commissions less fees paid to us by our agents. We expect cost of revenue to continue to rise in proportion to the increase in revenue.

Operating Expenses

General and Administrative

General and administrative expenses consist primarily of personnel costs, stock-based compensation, and fees for professional services. Professional services are principally comprised of external legal, audit, and tax services. In the short term, we expect general and administrative expenses to increase in absolute dollars due to the anticipated growth of our business and to meet the increased compliance requirements associated with our transition to, and operation as, a public company. However, in the long term, we anticipate general and administrative expenses as a percentage of revenue to decrease over time.

Marketing

Marketing expenses consist primarily of expenses for online and traditional advertising, as well as costs for marketing and promotional materials. Advertising costs are expensed as they are incurred. We expect marketing expenses to increase in absolute dollars as we expand advertising programs and we anticipate marketing expenses as a percentage of revenue to decrease over time.

Income Taxes

From inception until the completion of the Exchange Transactions, we did not record any U.S. federal or state income tax benefits for the net losses we had incurred because our legal entities were pass-through tax entities. Subsequent to the Exchange Transactions, we have not recorded any U.S. federal or state income tax benefits for the net losses we have incurred due to our uncertainty of realizing a benefit from those items. As of June 30, 2019, and December 31, 2018, the Company had federal net operating loss carryforwards of \$4,665,419 and \$2,135,093 and state net operating loss carryforwards of \$2,156,177 and \$941,411, respectively. Losses will begin to expire, if not utilized, by 2032. Utilization of the net operating loss carryforwards may be subject to an annual limitation according to Section 382 of the Internal Revenue Code of 1986 as amended, and similar state law provisions.

Results of Operations

Comparison of the Three Months Ended June 30, 2018 and 2019

Revenue

	Three months ended June 30, (Unaudited)		Change	
	2018	2019	Dollars	Percentage
Revenue	\$ 23,134,041	\$ 27,778,270	\$ 4,644,229	20%

For the three months ended June 30, 2019, revenue increased by \$4.6 million or 20%, as compared with the three months ended June 30, 2018. This was primarily due to an increase in transaction volume, from about 3,737 transactions for the quarter ended June 30, 2018 to about 4,867 transactions for the quarter ended June 30, 2019, and an increase in revenue per transaction primarily due to rising home prices. Our transaction volume increased primarily due to the growth in the number of agents contracted with us.

Cost of Revenue

	Three months ended June 30, (Unaudited)		Change	
	2018	2019	Dollars	Percentage
Cost of revenue	\$ 22,075,604	\$ 26,013,137	\$ 3,937,533	18%

For the three months ended June 30, 2019, cost of revenue increased by \$3.9 million, or 18%, as compared with the three months ended June 30, 2018. Cost of revenue mainly includes costs related to agent commissions net of transaction fees paid to us by our agents. These costs are generally correlated with recognized revenues. As such, the increase in cost of revenue, compared to the prior year was primarily attributable to a higher amount of revenues and an increase in agent commissions paid. The increase in cost of revenue as a percentage of revenue resulted primarily from an increase in the number of completed transactions compared to the same period in the prior year, and an increase in district directors' commissions. District Directors are our local managing brokers in each market we operate.

Operating Expenses

	Three months ended June 30, (Unaudited)		Change	
	2018	2019	Dollars	Percentage
General and administrative	\$ 913,996	\$ 2,745,861	\$ 1,831,865	200%
Marketing	\$ 77,067	\$ 46,186	\$ (30,881)	-40%
Total operating expenses	\$ 991,063	\$ 2,792,047	\$ 1,800,984	182%

For the three months ended June 30, 2019, general and administrative expenses increased by approximately \$1.8 million, or 200%, as compared with the three months ended June 30, 2018. The increase was mainly attributable to a \$0.6 million increase in stock compensation expense, a \$0.6 million increase in payroll salaries, largely the result of increases in personnel to support the continued growth of our business, and a \$0.3 million increase in professional fees incurred, as we prepared to become a public company.

For the three months ended June 30, 2019, marketing expenses decreased by \$30,881, or 40%, as compared with the three months ended June 30, 2018. The decrease was primarily attributable to a \$29,444 decrease in direct advertising costs.

Comparison of the Six Months Ended June 30, 2018 and 2019

Revenue

	Six months ended June 30, (Unaudited)		Change	
	2018	2019	Dollars	Percentage
Revenue	\$ 36,244,979	\$ 45,927,039	\$ 9,682,060	27%

For the six months ended June 30, 2019, revenue increased by \$9.7 million or 27%, as compared with the six months ended June 30, 2018. This was primarily due to an increase in transaction volume, from about 6,203 transactions for the six-month ended June 30, 2018 to about 7,956 transactions for the six-month ended June 30, 2019, and an increase in revenue per transaction primarily due to rising home prices. Our transaction volume increased primarily due to the growth in the number of agents contracted with us.

Cost of Revenue

	Six months ended June 30, (Unaudited)		Change	
	2018	2019	Dollars	Percentage
Cost of revenue	\$ 33,723,461	\$ 42,879,197	\$ 9,155,736	27%

For the six months ended June 30, 2019, cost of revenue increased by \$9.7 million, or 27%, as compared with the six months ended June 30, 2018. Cost of revenue mainly includes costs related to agent commissions net of transaction fees paid to us by our agents. These costs are generally correlated with recognized revenues. As such, the increase in cost of revenue, compared to the prior year was primarily attributable to a higher amount of revenues and an increase in agent commissions paid. The increase in cost of revenue as a percentage of revenue resulted primarily from an increase in the number of completed transactions compared to the same period in the prior year, and an increase in district directors' commissions. District Directors are our local managing brokers in each market we operate.

Operating Expenses

	Six months ended June 30, (Unaudited)		Change	
	2018	2019	Dollars	Percentage
General and administrative	\$ 2,138,937	\$ 5,371,326	\$ 3,232,389	151%
Marketing	\$ 197,004	\$ 103,949	\$ (93,055)	-47%
Total operating expenses	\$ 2,335,941	\$ 5,475,275	\$ 3,139,334	134%

For the six months ended June 30, 2019, general and administrative expenses increased by approximately \$3.2 million, or 151%, as compared with the six months ended June 30, 2018. The increase was mainly attributable to a \$1.4 million increase in stock compensation expense, a \$1.2 million increase in payroll salaries, largely the result of increases in personnel to support the continued growth of our business, and a \$0.5 million increase in professional fees incurred, as we prepared to become a public company.

For the six months ended June 30, 2019, marketing expenses decreased by \$93,055, or 47%, as compared with the six months ended June 30, 2018. The decrease was attributable to a \$57,572 decrease in direct advertising costs, and a \$35,483 decrease in general marketing expenses.

Comparison of the Years Ended December 31, 2017 and 2018

Revenue

	Years ended December 31,		Change	
	2017	2018	Dollars	Percentage
Revenue	\$ 55,378,037	\$ 77,305,562	\$ 21,927,525	40%

For the year ended December 31, 2018, revenue increased by \$21.9 million, or 40%, as compared with the year ended December 31, 2017. This was primarily due to an increase in transaction volume, from about 9,350 transactions for 2017 to about 13,000 transactions for 2018, and an increase of revenue per transaction, primarily due to higher home prices. Our transaction volume increased primarily due to the growth in the number of agents contracted with us.

Cost of Revenue

	Years ended December 31,		Change	
	2017	2018	Dollars	Percentage
Cost of revenue	\$ 51,902,836	\$ 73,436,660	\$ 21,533,824	41%

In the year ended December 31, 2018, cost of revenue increased by \$21.5 million, or 41%, as compared with the year ended December 31, 2017. Cost of revenue mainly includes costs related to agent commissions net of transaction fees paid by our agents. These costs are generally correlated with recognized revenues. As such, the increase in cost of revenue, compared to the prior year, was primarily attributable to a higher amount of revenues and an increase in agent commissions paid.

Operating Expenses

	Years ended December 31,		Change	
	2017	2018	Dollars	Percentage
General and administrative	\$ 3,502,850	\$ 5,130,920	\$ 1,628,070	46%
Marketing	315,942	255,090	(60,852)	-19%
Total operating expenses	<u>\$ 3,818,792</u>	<u>\$ 5,386,010</u>	\$ 1,567,218	41%

In the year ended December 31, 2018, general and administrative expenses increased by approximately \$1.6 million, or 46%, as compared with the year ended December 31, 2017. The increase was attributable to \$0.7 million increase in fees incurred for outside services, a \$0.3 million increase in payroll salaries, largely the result of increases in personnel to support the continued growth of our business as we prepared to become a public company, a \$0.2 million increase in recruiting commissions and bonuses, and a \$0.2 million increase in professional fees incurred. The Company also granted restricted stock awards during the year ended December 31, 2018, and recorded stock compensation expense of \$0.3 million. There were no such grants in the year ended December 31, 2017.

In the year ended December 31, 2018, marketing expenses decreased by \$60,852, or 19%, as compared with the year ended December 31, 2017. The decrease was primarily attributable to a \$106,130 decrease in direct advertising costs, partially offset by a \$45,278 increase in general marketing expenses.

Liquidity and Capital Resources

Capital Resources

	December 31, 2018	June 30, 2019 (Unaudited)	Change	
			Dollars	Percentage
Current assets	\$ 3,575,700	\$ 2,868,703	\$ (706,997)	-20%
Current liabilities	\$ 3,049,909	\$ 2,931,570	\$ (118,339)	-4%
Net working capital	\$ 525,791	\$ (62,867)	\$ (588,658)	-112%

To date, our principal sources of liquidity have been the net proceeds we received through private sales of our common stock, as well proceeds from loans. As of June 30, 2019, we had a working capital deficit of \$62,867, which represents a decrease of \$588,658 compared to the year ended December 31, 2018. We believe our current capital resources will be adequate to operate our business for at least the next twelve months. However, we may choose to raise additional capital through debt or equity financings, which might not be available on favorable terms or at all and could hinder our business and dilute our existing shareholders.

Cash Flows

Comparison of the Six Months Ended June 30, 2018 and 2019

	Six months ended June 30, (Unaudited)		Change	
	2018	2019	Dollars	Percentage
Net cash used in operating activities	\$ (34,295)	\$ (460,855)	\$ (426,560)	-1,244%
Net cash used in investing activities	(55,118)	(136,251)	(81,133)	-147%
Net cash provided by financing activities	91,780	567,636	475,856	518%

Cash Flows from Operating Activities

Net cash used in operating activities for the six months ended June 30, 2019 consisted of a net loss of \$2.5 million, offset by \$1.6 million of share-based compensation expense. Changes in assets and liabilities were primarily driven by a \$0.2 million decrease in accounts payable and accrued liabilities due primarily to the timing of payments, partially offset by a \$0.4 million decrease in accounts receivable due primarily to an increase in the number of real estate transactions completed.

Net cash used in operating activities for the six months ended June 30, 2018 consisted of a net loss of \$56,176, offset by bad debt expense of \$0.1 million and share-based compensation expense of \$0.2 million. Changes in assets and liabilities were primarily driven by a \$1.2 million decrease in accounts payable and accrued liabilities, due primarily to the timing of payments, partially offset by a \$1.0 million decrease in accounts receivable due to fewer transactions completed at the end of the quarter in which the payment was collected after the quarter end.

Cash Flows from Investing Activities

Net cash used in investing activities for the six months ended June 30, 2019 consisted of purchases of software as well as computers and equipment.

Net cash used in investing activities for the six months ended June 30, 2018 consisted of purchases of capitalized software as well as computers and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2019 consisted of \$0.6 million of proceeds from issuance of common stock and principal payments to the Company on an outstanding loan made by it.

Net cash provided by financing activities for the six months ended June 30, 2018 consisted of \$0.1 million of proceeds from related party notes, partially offset by principal payments by the Company on an outstanding loan made to it.

Comparison of the Years Ended December 31, 2017 and 2018

	Years ended December 31,		Change	
	2017	2018	Dollars	Percentage
Net cash used in operating activities	\$ (342,631)	\$ (689,173)	\$ (346,542)	101%
Net cash used in investing activities	(7,405)	(180,217)	(172,812)	2,334%
Net cash provided by financing activities	183,775	1,723,490	1,539,715	838%

Cash Flows from Operating Activities

Net cash used in operating activities for the year ended December 31, 2018 consisted of a net loss of \$1.6 million, offset by non-cash charges of \$0.4 million including \$0.3 million of share-based compensation expense. Changes in assets and liabilities were primarily driven by a \$0.9 million increase in accounts payable and accrued liabilities, due primarily to the timing of payments, partially offset by a \$0.2 million increase in accounts receivable due to fewer transactions completed at the end of the quarter in which the payment was collected after the quarter end.

Net cash used in operating activities for the year ended December 31, 2017 consisted of a net loss of \$0.4 million, offset by non-cash charges for of depreciation and amortization expense and bad debt expense. Changes in assets and liabilities were primarily driven by a \$0.7 million increase in accounts payable and accrued liabilities, due primarily to the timing of payments, partially offset by a \$0.6 million increase in accounts receivable due to fewer transactions completed at the end of the quarter in which the payment was collected after the quarter end.

Cash Flows from Investing Activities

Net cash used in investing activities for the year ended December 31, 2018 primarily consisted of \$0.2 million in purchases of capitalized software and purchases of computers and equipment.

Net cash used in investing activities for the year ended December 31, 2017 consisted of purchases of computers and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities for the year ended December 31, 2018 consisted of \$1.7 million of proceeds from issuance of common stock and \$0.1 million from proceeds from notes, partially offset by the purchase of Fathom Realty membership interest for \$0.1 million and the principal payments by the Company on an outstanding loan made to it.

Net cash provided by financing activities for the year ended December 31, 2017 consisted of \$0.4 million of proceeds from notes, partially offset by \$0.2 million of payments on those notes and principal payments by the Company on an outstanding loan made to it.

Critical Accounting Policies

Discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities, revenue, and expenses at the date of the financial statements. Generally, we base our estimates on historical experience and on various other assumptions in accordance with GAAP that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies and estimates are those that we consider the most important to the portrayal of our financial condition and results of operations because they require our most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting policies and estimates include those related to revenue recognition and stock-based compensation.

Consideration of Going Concern

The Company has a history of negative cash flows from operations and operating losses, and experienced net losses of approximately \$1.6 million and \$421 thousand in the years ended December 31, 2018 and 2017. Additionally, the Company anticipates further expenditures associated with the process of expanding the business. Combined with the Company's levels of working capital, management determined these conditions raised substantial doubt as to the Company's ability to continue as a going concern. Management believes that its planned budget and expected ability to achieve sales volumes necessary to cover forecasted expenses alleviates the substantial doubt about our ability to continue as a going concern for a period of at least one year from the date of the issuance of the combined and consolidated financial statements.

Revenue Recognition

We apply the provisions of FASB Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"), and all related appropriate guidance. We recognize revenue under the core principle to depict the transfer of control to the Company's customers in an amount reflecting the consideration the Company expects to be entitled. In order to achieve that core principle, we apply the following five step approach: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when a performance obligation is satisfied.

The Company's revenue consists of commissions charged to individual customers (i.e. the seller or buyer of a residential property) on each real estate transaction completed, net of any closing-cost reduction. The Company is contractually obligated to provide for the fulfillment of transfers of real estate between buyers and sellers. The Company provides these services itself and controls the services of its agents necessary to legally transfer the real estate. Correspondingly, the Company is defined as the Principal. The Company, as Principal, satisfies its obligation upon the closing of a real estate transaction. As Principal, and upon satisfaction of its obligation, the Company recognizes revenue in the gross amount of consideration to which it expects to be entitled to receive. The transaction price is calculated by taking the agreed upon commission rate and applying that to the home's selling price. Commissions revenue contains a single performance obligation that is satisfied upon the closing of a real estate transaction, at which point the entire transaction price is earned. The Company is not entitled to any commission until the performance obligation is satisfied and is not owed any commission for unsuccessful transactions, even if services have been provided.

Share-based Compensation

Share-based compensation is measured at the grant date based on the fair value of the award and is recognized as expense, over the requisite service period, which is generally the vesting period of the respective award.

Valuation of Common Stock

During the six months ended June 30, 2019 and the latter half of the year ended December 31, 2018, the Company valued restricted stock awards granted using the price for which the sales of common stock was sold to third parties. In order to determine the fair value of the Company's common stock for restricted stock awards granted during the quarter ended June 30, 2018, we considered, among other things, contemporaneous valuations of the Company's common stock, our business, financial condition and results of operations, including related industry trends affecting its operations; the likelihood of achieving a liquidity event, such as an initial public offering, or sale, given prevailing market conditions; the lack of marketability of our common stock; the market performance of comparable publicly traded companies; and U.S. and global economic and capital market conditions.

Income Taxes

Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the combined financial statement and tax bases of assets and liabilities at the applicable enacted tax rates. We will establish a valuation allowance for deferred tax assets if it is more likely than not that these items will expire before either the Company is able to realize their benefit or that future deductibility is uncertain.

We believe that it is currently more likely than not that its deferred tax assets will not be realized and as such, we have recorded a full valuation allowance for these assets. We evaluate the likelihood of the ability to realize deferred tax assets in future periods on a quarterly basis, and when appropriate evidence indicates it would release its valuation allowance accordingly. The determination to provide a valuation allowance is dependent upon the assessment of whether it is more likely than not that sufficient taxable income will be generated to utilize the deferred tax assets. Based on the weight of the available evidence, which includes the Company's historical operating losses, lack of taxable income, and accumulated deficit, the Company provided a full valuation allowance against its tax assets resulting from the tax losses and credits carried forward.

Recent Accounting Standards

For information on recent accounting standards, see Note 2 to our consolidated financial statements included elsewhere in this prospectus.

JOBS Act Transition Period

In April 2012, the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements under the JOBS Act. Subject to certain conditions, as an emerging growth company, we may rely on certain of these exemptions, including without limitation, from the requirements of (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act; and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an emerging growth company until the earlier to occur of (1) the last day of the fiscal year (a) following the fifth anniversary of the effectiveness of this registration statement, (b) in which we have total annual gross revenues of at least \$1.07 billion, or (c) in which we are deemed to be a "large accelerated filer" under the rules of the U.S. Securities and Exchange Commission, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

LETTER FROM THE FOUNDER

While the rest of this prospectus details what we do, I believe the why and how are just as important as the what, if not more important. I hope to do that for you here.

When I entered the real estate industry, I saw a gap widening between the commission split a traditional brokerage charged their agent on each sale and the value that agent received compared to what that agent could now get on their own in this new technology driven era. I recognized that there was a real value to being a member of a large brokerage but I did not and do not believe that value is worth 50%, 30%, or even 20% of the agent's commission.

At the time, I saw an emerging commission model that had potential. It offered the industry's best splits but gave agents very little or nothing in return. I saw an opportunity to marry the best of both worlds and bridge the gap between the high service, high fee brokerages and the low service, low fee brokerages.

My goal when creating Fathom was to build a brand that provided all the support, technology, tools, and training that an agent would otherwise get from a large traditional brokerage but at a small flat-fee per transaction. In other words, we strive to provide Fathom agents with the greatest value in the industry.

The term that has been given to companies like Fathom with this commission model is, "100% commission." Meaning, the agent keeps 100% of their commission minus a flat transaction fee. This model, when managed properly, allows agents to provide the highest level of service to their clients without sacrificing anything.

Over the years, I have been recognized by major industry analysts as a leader in real estate. I was recognized on the Swanepoel Power 200 list as one of the most influential people in real estate in 2019, as a Trendsetter in 2018 by the same Swanepoel Power 200, and a Game Changer in 2019 by Real Trends. I have been recognized as the Top Large Company Leader in Dallas-Fort Worth in 2018 by the Dallas Morning News Top 100 Places to Work, across all industries, and Fathom was ranked as the #1 Top Place to Work. In just 8 years, Fathom grew to become the #16 largest independent brokerage and #37 largest brokerage overall, according to the Real Trends 500 report. As far as I am able to find, Fathom is the only real estate brokerage to ever earn a spot on the Inc. 500, four years in a row.

I am very proud of Fathom, but it is not about me. I did not build Fathom alone. I surrounded myself with people who are smarter and wiser than me and with one strong shared vision, we built Fathom together. Fathom has a team of incredible and diverse leaders who I am proud to serve beside.

There's an age-old saying that we subscribe to. It says, "Whoever wants to be great must first become a servant to all." It speaks of servant leadership long before it was ever a catchphrase. I believe this is one of the most powerful concepts in business once one fully understands why it matters and how it works.

At Fathom we believe that as a real estate agent, the more you truly serve your clients and place their needs first, the more willing those clients are to refer their friends and family to you. The same holds true in Fathom at the corporate level. Many real estate brokerages push their local managers to focus on recruiting. While I recognize recruiting is vital to continued growth and increased market penetration, I believe there is a better way and we have proven that over the years. Our tremendous growth speaks for itself.

At Fathom, we ask our local managers to focus first on serving our agents and helping them grow their business. By changing the focus, two important things happen. First, by helping each agent increase his or her productivity, Fathom closes more transactions, generates more revenue, and attracts more agents. Second, by truly placing our agents' needs first, they become advocates for Fathom and want to share Fathom with other agents they meet. Why does that matter? Simply because a large team of happy agents can recruit far more new agents than one manager can recruit alone. Now, multiply that across hundreds of markets and you have an army of evangelists.

I truly believe that Fathom is the next evolution of the real estate brokerage. With Fathom's commission model, real estate agents are able to build a more profitable business by allowing them to keep the highest percentage of their commission possible without sacrificing support, technology, or training. We believe that by simply joining Fathom, agents from traditional model brokerages can increase their income by over 25% on average. More importantly, agents are able to take that increase in income and reinvest it into their marketing, which, if successful, thereby further increases their income, sometimes by 100%.

We also believe that in a down market, Fathom can really shine. Generally speaking, like in most businesses, there are only two ways to make more money in real estate: increase revenue or decrease expenses. In a slowing housing market, it is difficult to increase revenue when agents are fighting over a piece of a smaller pie. The only option is to outspend other agents to get more listings, or to decrease expenses. Fathom makes both options possible. Thanks to Fathom's low flat transaction fee, agents have more money available per sale, allowing them to outspend their competition while netting the same amount of money or even more as compared to another agent with a traditional brokerage. In addition, a realtor's brokerage split is usually their biggest expense. With Fathom's low flat transaction fee, even if the housing market declines by 20%, most real estate agents can net as much income as they did the year before when they were with their previous traditional model brokerage. In other words, they may close 20% fewer homes but could earn the same income as before, or more.

Another reason why Fathom's commission model makes sense is because it allows agents to directly compete against discount brokerages (companies who charge a discounted commission or flat fee to their clients). While Fathom is not a discount brokerage, our flat transaction fee allows our agents to charge whatever commission they need to in order to be highly competitive. Many traditional brokerages do not allow their agents to discount fees because it directly affects their revenue, while Fathom's flat fee is not affected. We believe that traditional brokerages will continue to be squeezed by new disruptors and continue to lose agents, while Fathom is able to directly compete without losing net revenue.

As a U.S. Marine Corps veteran, I am driven to win, and I surround myself with leaders who share that same passion and discipline. We welcome criticism and use it to become better. We value people from all walks of life and embrace their ideas. With the right people and the right passion, we truly believe that our business model will redefine the real estate industry.

Josh Harley
Founder | Chairman | CEO

BUSINESS


Overview

Fathom Holdings Inc. was founded in 2010 as a cloud-based, technology-driven real estate brokerage company. Our low-overhead business model leverages our proprietary software platform for management of real estate brokerage back-office functions, without the cost of physical brick and mortar offices or of redundant personnel. As a result, we are able to offer our agents the ability to keep significantly more of their commissions compared to traditional real estate brokerage firms. We believe we offer our agents some of the best technology, training, and support available in the industry. We also offer our agents valuable benefits, including equity in our Company if they achieve revenue and growth goals, as well as what we believe is relatively broad and affordable healthcare coverage. We believe our commission structure, business model and our focus on treating our agents well attract more agents and higher producing agents to join and stay with our Company.

Fathom's commission model is designed to empower real estate agents to build a more profitable business by allowing them to keep a high percentage of their commission without sacrificing support, technology, or training. We believe that by simply joining Fathom, agents from traditional model brokerages can increase their income by 25% on average. More importantly, agents are able to take that increase and reinvest it into their marketing thereby increasing their number of transactions and revenue.

Generally speaking, there are only two ways to make more money in real estate: increase revenue or decrease expenses. In a slowing housing market, it's difficult to increase revenue when agents are fighting over a piece of a smaller pie. Fathom's low flat transaction fee provides agents money to outspend their competition on marketing while netting the same amount of money as an agent at a traditional brokerage. With Fathom's low flat transaction fee, even during a decline in the housing market where home sales decline by 20%, we believe most real estate agents can net as much income as they did the year before at a traditional brokerage. In other words, they may close 20% fewer homes but could earn the same income as before.

Traditional brokerage companies retain between 20% and 50% in commission splits with their brokers. Below is an example of a traditional brokerage company's commission model assuming a 30% split, versus Fathom's commission model. This is an example of potential commission savings, and results similar to the example below are not guaranteed.

TRADITIONAL BROKERAGE	VS	 FATHOM REALTY
\$250,000 Sales Price		\$250,000 Sales Price
x 3% Commission %		x 3% Commission %
\$7,500 Total Commission		\$7,500 Total Commission
x 30% Split % to Broker		- \$450 Fathom's Flat Fee
\$2,250 Split to Broker		
\$5,250 Total to Agent		\$7,050 Total to Agent
		34% Increase

We believe Fathom's commission model also allows agents to directly compete against discount brokerages and other disruptive new competitors. The flat transaction fee that we charge to our agents allows our agents to charge whatever commission they need to be highly competitive.

We recognize revenue primarily through the commissions that our agents charge their clients. From the gross commission revenue, we keep a flat transaction fee of \$450 and the remainder is paid to the agent. This \$450 transaction fee is charged for the agent's first 12 sales per agent's anniversary year and then \$99 per sale for the rest of their anniversary year. For leases, we recognize revenue through lease commissions negotiated between our agents and landlords, and we retain \$85 per transaction and the remainder is paid to the agent. Each year, every agent also pays a fee of \$500 on their first sale (recognized in Cost of Revenue over the year), which helps cover our operating costs such as technology, errors and omissions insurance, training, and oversight.

In just nine years since we launched Fathom, we have grown rapidly with operations in 22 states or districts. We achieved gross revenue of approximately \$78 million in 2018 in sales volume of real estate transactions of over \$3 billion. As of December 31, 2018, we had approximately 2,724 agents working for us, having recruited over 100 new agents in each of the previous nine months. We have been named to the Inc. 500 list of fastest growing businesses in the United States each year from 2014 through 2017.

In 2019, Fathom was ranked the #16 largest independent real estate brokerage firm and the #37 overall largest brokerage firm in the United States. These rankings were published by The Real Trends Five Hundred based on several criteria including transaction sides, sales volume, affiliation, top movers, core services, and others.

Industry Background

We primarily operate in the U.S. residential real estate industry, which is approximately a \$2 trillion industry based on 2018 transaction volume (i.e. average home sale price times number of new and existing home sale transactions). Our agents also opportunistically engage in commercial real estate transactions. We derive substantially all of our revenues from serving buyers and sellers of existing homes. According to the National Association of Realtors, or NAR, existing home sales represent approximately 89% of the overall market by number of transactions.

The U.S. residential real estate industry has a long history of growth over time, despite periodical downturns. The following information is based on data published by NAR. This data includes the significant and lengthy downturn from the second half of 2005 through 2011, and in that time frame, the number of annual U.S. existing home sale transactions declined by approximately 38%. Beginning in 2012, the U.S. residential real estate industry began its recovery, and the number of annual U.S. existing home sale units improved by 26%.

However, we believe that many traditional real estate brokerage companies have business models and practices that hinder their growth and profitability. They often have numerous physical offices throughout the territories they cover, with the associated personnel overhead costs, and have been slow to adopt cost-saving technology in an increasingly price-sensitive and competitive environment. In addition, residential real estate brokerage companies typically realize revenues in the form of a commission that is based on a percentage of the price of each home sold. As a result, while the traditional real estate brokerage companies generally benefit from rising home prices and increasing home sale transactions, they can be seriously adversely impacted by falling home prices.

Industry Trends

We believe the following trends have impacted the U.S. real estate market and that their impact will continue to accelerate:

- according to NAR, 44% of homebuyers start their search for a home using the Internet, illustrating the importance of technology to the industry;
- nevertheless, according to NAR, 87% of home buyers and 89% of home sellers still used an agent or broker in 2017, for various reasons, including the relative size, importance and infrequency of a home sale for any individual;
- the complexity of the home sale process continues to require the best personal service possible, while technology can make the process and business more efficient;
- downturns are inevitable, favoring companies with lower cost business models that also pay agents higher commissions; and
- demographics would indicate continued long-term growth, with household growth expected to average about 1.36 million annually from 2015–2025 and about 1.15 million annually from 2025–2035, according to the 2017 State of the Nation’s Housing Report compiled by the Harvard Joint Center for Housing Studies.

Our Strategy

Fathom's goal is to be one of the leading 100% commission real estate brokerages in the United States while offering superior customer service, state of the art technology, and a great company culture. We have grown rapidly since inception, and plan to accelerate our growth through the following aspects of our vision:

- offer full brokerage services via our technology-enabled, low-overhead business model;
- attract and retain high-producing agents by offering high compensation per transaction and industry-leading benefits;
- use our publicly traded stock to further incentivize agents;
- continue to enhance and develop our proprietary software platform to facilitate our own business and potentially increase our revenue by licensing it to others; and
- pursue further growth through potential acquisitions, including using our publicly traded stock as consideration.

Technology

We operate as a cloud-based real estate brokerage by utilizing our consumer-facing website, <https://www.FathomRealty.com>, and our internal proprietary technology, IntelliAgent®, to manage our brokerage operations. Through our website, we provide buyers, sellers, landlords, and tenants with access to all of the available properties for sale or lease on the multiple listing service, or MLS, in each of the markets in which we operate. We provide each of our agents their own personal website that they can modify to match their personal branding. Our website also gives consumers access to our network of professional real estate agents and vendors. Through a combination of our proprietary technology platform and third-party systems, we provide our agents with marketing, training, and other support services, as well as client and transaction management. Our technology, services, data, lead generation, and marketing tools are designed to allow our agents to leverage them to represent their real estate clients with best-in-class service.

Internally, we use our technology to provide agents with opportunities to increase their profitability, reduce risk, and develop professionally, while fostering a culture that values collaboration, strength of community, and commitment to serving the consumer's best interests. We provide our agents with the systems, support, professional development and infrastructure designed to help them succeed in unpredictable, and often challenging, economic conditions. This includes delivering 24/7 access to collaborative tools and training for real estate agents.

Specifically, using advanced Internet-based software, we can improve compliance and oversight while providing, at no cost to our agents, technology tools and services to our agents and their customers, including:

- A robust, mobile-friendly, customer-facing corporate website providing access to view all homes for sale and lease in the markets that we serve, with the ability to search and save favorite properties and receive alerts for new properties that fit their criteria;
- A customizable, mobile-friendly, agent website with home search, lead capture, and blogging capabilities;
- An advanced customer relationship management system, with visitor tracking, property alerts, and customer communication, all designed to help convert leads into customers;
- Social media tools to enhance agent marketing and visibility;
- Streamlined solicitation, collection, verification and posting of customer testimonials;
- Single property websites for our agents' listings;
- A wide array of on-demand training modules for the professional development of agents at all levels of experience; and

Agent access to IntelliAgent®, which is described in more detail below.

Our proprietary IntelliAgent® real estate technology platform is designed to provide a suite of brokerage and agent level tools, technology, business processes, business intelligence and reporting, training, and marketing, along with a marketplace for add-on services and third-party technology. Our IntelliAgent rollout strategy began with the core technology needed by every real estate brokerage to manage its agents, its agents' transactions, commission structures, payments, and compliance, as well as the ability to gain a better understanding as to what is happening in the business through business intelligence and robust reporting. Our technology roadmap for IntelliAgent includes brokerage and agent level websites, content creation and management, customer relationship management, email and social media marketing, agent reviews, goal setting, accountability, expense tracking, training platform, marketing repository, and APIs for integration with third-party tools. We intend for IntelliAgent to be more than just a technology platform for Fathom; we might someday use a simplified version of IntelliAgent as a platform to unify independent brokerages through a smarter broker network allowing them to effectively compete against larger regional and national brands. This should allow us to monetize a portion to our technology and generate revenue from small brokerages and agents who would not otherwise join Fathom. We believe that IntelliAgent also provides us with the platform needed to more fully integrate services companies that are, or become, part of the Fathom Holdings network. This deeper integration is designed to encourage a higher level of agent adoption of our various services companies and therefore create a better agent experience, customer experience, and generate higher revenues for Fathom Holdings.

Our Focus on Agents

We believe that agents deliver unique value to the specific customers they serve in different ways depending upon the knowledge, skills or niche of the agent and the needs and desires of the customers. We also believe that customers work with agents because of the agent's skills and service individually and generally place greater weight on those individual skill sets, service levels and style than they do on the brokerage brand with which the agent is affiliated. Therefore, we focus to a great degree on serving our agents, so that we attract and retain the best in the industry.

In a recent study by NAR, only 3% of home buyers choose their agent because of the brand they are with. We believe, home buyers and sellers choose the agent because of their individual marketing prowess, professionalism, and personality. To capitalize on this, we focus on helping our agents improve professionally and increase their financial ability to invest in their personal marketing, and therefore capture a greater percentage of customers.

Fee Structure

The lower overall cost of operating our business via the cloud has enabled us to offer our agents a 100% commission model. Consequently, this higher commission paid to our agents combined with our unique delivery of support services and the flexibility it provides for agents has facilitated our growth over the past several years. We also differentiate ourselves by not charging our agents royalties or franchise fees. A commission calculator on our website allows agents to determine how much money they could make if they join Fathom.

We believe we offer agents further opportunity to increase their overall revenue and income, because they can invest the additional income earned under our fee structure in incremental marketing.

Our Markets

Currently, our primary market is the United States. We currently operate in a total of more than 75 cities or regions, which are located in the following 22 states or districts:

Arizona	Illinois	Ohio
Arkansas	Indiana	Oklahoma
California	Kentucky	Oregon
Colorado	Maryland	South Carolina
District of Columbia	Nevada	Tennessee
Florida	New Jersey	Texas
Georgia	North Carolina	Virginia
		Washington

We target urban or suburban cities or regions with populations of at least 50,000, of which there are approximately 775 in the United States. We believe this provides us opportunity for continued growth. We have expanded rapidly since our inception nine years ago to over 75 cities or regions. As we continue to expand, we might also plan to target smaller rural markets.

Competition

The residential real estate brokerage industry is highly competitive with low barriers to entry for new participants. We believe that recruitment and retention of independent sales agents and independent sales agent teams are critical to the business and financial results of a brokerage. Competition for independent sales agents in our industry is high and has intensified particularly for the more productive independent sales agents. Competition for independent sales agents is generally subject to numerous factors, including remuneration and benefits, other expenses borne by independent sales agents, leads or business opportunities generated for the independent sales agent from the brokerage, independent sales agents' perception of the value of the broker's brand affiliation, marketing and advertising efforts by the brokerage or franchisor, technology, continuing professional education, and other services provided by the brokerage or franchisor.

Our Company competes with three major categories of competitors:

- national independent real estate brokerages, franchisees of national and regional real estate franchisors, regional independent real estate brokerages, and discount and limited service brokerages;
- companies that employ technologies intended to disrupt the traditional brokerage model or eliminate agents from, or minimize the role they play in, the home sale transaction, such as through the reduction of brokerage commissions; and
- other non-traditional models that operate outside of the brokerage industry, such as companies that leverage capital to purchase homes directly from sellers.

Many of our competitors are much larger than us, with more capital to fund growth and survive downturns, and greater brand awareness. Some of our competitors are also increasingly well-funded, which strengthens their competitive position and ability to offer aggressive compensation arrangements to top-performing sales agents. Moreover, a growing number of companies are competing in non-traditional ways for a portion of the gross commission income generated by home sale transactions. For example, listing aggregators and other web-based real estate service providers not only compete with our business by establishing relationships with independent sales agents and/or buyers and sellers of homes, they also increasingly charge brokerages and independent sales agents for advertising on their sites.

Our ability to successfully compete is important to our prospects for growth. Our ability to compete may be affected by the recruitment, retention and performance of independent sales agents, the location of offices and target markets, the services provided to independent sales agents, the fees charged to independent sales agents, the number and nature of competing offices in the vicinity, affiliation with a recognized brand name, community reputation, technology and other factors. Our success may also be affected by national, regional and local economic conditions.

Intellectual Property

We have a registered trademark in the United States for the names and logos of "Fathom Realty" and "IntelliAgent" in real estate and associated industries. We also own the rights to the domain names FathomRealty.com, FathomCareers.com and IntelliAgent.com.

We have developed and own the IntelliAgent software. We also license third-party software and other proprietary technology upon which we depend. While we currently depend on our relationship with these vendors to provide our services in the short-term, we believe other alternatives are available in the longer term, should they be needed, to license or develop replacement technology.

If necessary, we will aggressively assert our rights under trade secret, unfair competition, trademark and copyright laws to protect our intellectual property. We protect these rights through trademark law, the maintenance of trade secrets, the development of trade dress, and, where appropriate, litigation against those who are, in our opinion, infringing these rights.

While there can be no assurance that we will be able to protect our proprietary rights and information, we intend to assert our intellectual property rights against any infringement. While an assertion of our rights could result in a substantial cost and diversion of management effort, we believe the protection and defense against infringement of our intellectual property rights are essential to our business. There is also risk that someone else will claim that we are violating their intellectual property rights, which could cost money and time to defend, even if successful.

Seasonality of Business

Seasons and weather traditionally impact the real estate industry. Continuous poor weather or natural disasters negatively impact listings and sales. Spring and summer seasons historically reflect greater sales periods in comparison to fall and winter seasons. The latter periods also tend to see greater agent attrition. We have historically experienced lower revenues during the fall and winter seasons, as well as during periods of unseasonable weather, which reduces our operating income, net income, operating margins and cash flow.

Real estate listings precede sales and a period of poor listing activity will negatively impact revenue. Past performance in similar seasons or during similar weather events can provide no assurance of future or current performance, and macroeconomic shifts in the markets we serve can conceal the impact of poor weather and/or seasonality.

Home sales in successive quarters can fluctuate widely due to a wide variety of factors, including holidays, national or international emergencies, the school year calendar's impact on timing of family relocations, interest rate changes, speculation of pending interest rate changes and the overall macroeconomic market. Our revenue and operating margins each quarter will remain subject to seasonal fluctuations, poor weather and natural disasters and macroeconomic market changes that may make it difficult to compare or analyze our financial performance effectively across successive quarters.

Furthermore, the residential real estate market and the real estate industry in general is often cyclical, characterized by protracted periods of depressed home values, lower buyer demand, inflated rates of foreclosure and often changing regulatory or underwriting standards applicable to mortgages. The best example of this was the significant downturn in the U.S. residential real estate market between 2005 and 2011. Such depressed real estate cycles are often followed by extended periods of higher buyer demand, lower available real estate supply and increasing home values. While we believe we are well-positioned to compete during a downturn, our business is affected by these cycles in the residential real estate market, which can make it difficult to compare or analyze our financial performance effectively across successive periods.

Government Regulation

We serve the residential real estate industry which is regulated by federal, state and local authorities as well as private associations or state sponsored associations or organizations. We are required to comply with federal, state, and local laws, as well as private governing bodies' regulations, which, when combined, results in a highly-regulated industry.

We are also subject to federal and state regulations relating to employment, contractor, and compensation practices. Except for our employed state agents, all agents in our brokerage operations have been retained as independent contractors, either directly or indirectly through third-party entities formed by these independent contractors for their business purposes. With respect to these independent contractors, like most brokerage firms, we are subject to the Internal Revenue Service regulations and applicable state law guidelines regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation.

Real Estate Regulation - Federal

The Real Estate Settlement Procedures Act of 1974, as amended, or RESPA, became effective on June 20, 1975. RESPA requires lenders, mortgage agents, or servicers of home loans to provide borrowers with pertinent and timely disclosures regarding the nature and costs of the real estate settlement process. RESPA also protects borrowers against certain abusive practices, such as kickbacks, and places limitations upon the use of escrow accounts. RESPA also requires detailed disclosures concerning the transfer, sale, or assignment of mortgage servicing, as well as disclosures for mortgage escrow accounts.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, moved authority to administer RESPA from the Department of Housing and Urban Development to the new Consumer Financial Protection Bureau, or the CFPB. The CFPB released a five-year strategic plan in February 2018 indicating that it intends to continue to focus on protecting consumer rights while engaging in rulemaking to address unwarranted regulatory burdens. As a result, the regulatory framework of RESPA applicable to our business may be subject to change. The Dodd-Frank Act also increased regulation of the mortgage industry, including: (i) generally prohibiting lenders from making residential mortgage loans unless a good faith determination is made of a borrower's creditworthiness based on verified and documented information; (ii) requiring the CFPB to enact regulations, to help assure that consumers are provided with timely and understandable information about residential mortgage loans that protect them against unfair, deceptive and abusive practices; and (iii) requiring federal regulators to establish minimum national underwriting guidelines for residential mortgages that lenders will be allowed to securitize without retaining any of the loans' default risk. In addition, federal fair housing laws generally make it illegal to discriminate against protected classes of individuals in housing or brokerage services. Other federal laws and regulations applicable to our business include (i) the Federal Truth in Lending Act of 1969; (ii) the Federal Equal Credit Opportunity; (iii) the Federal Fair Credit Reporting Act; (iv) the Fair Housing Act; (v) the Home Mortgage Disclosure Act; (vi) the Gramm-Leach-Bliley Act; (vii) the Consumer Financial Protection Act; (viii) the Fair and Accurate Credit Transactions Act; and (ix) the Do Not Call/Do Not Fax Act and other federal and state laws pertaining to the privacy rights of consumers, which affects our opportunities to solicit new clients.

Real Estate Regulation - State and Local Level

Real estate and brokerage licensing laws and requirements vary from state to state. In general, all individuals and entities lawfully conducting businesses as real estate agents or sales associates must be licensed in the state in which they carry on business and must at all times be in compliance.

States require a real estate broker to be employed by the brokerage firm or permit an independent contractor classification, and the broker may work for another broker conducting business on behalf of the sponsoring broker.

States may require a person licensed as a real estate agent, sales associate or salesperson, to be affiliated with a broker in order to engage in licensed real estate brokerage activities or allow the agent, sales associate or salesperson to work for another agent, sales associate or salesperson conducting business on behalf of the sponsoring agent, sales associate or salesperson. Agents, sales associates or salespersons are generally classified as independent contractors; however, real estate firms can also offer employment.

Engaging in the real estate brokerage business requires obtaining a real estate broker license (although in some states the licenses are personal to individual agents). In order to obtain this license, most jurisdictions require that a member or manager be licensed individually as a real estate broker in that jurisdiction. If applicable, this member or manager is responsible for supervising the licensees and the entity's real estate brokerage activities within the state.

Real estate licensees, whether they are salespersons, individuals, agents or entities, must follow the state's real estate licensing laws and regulations. These laws and regulations generally specify minimum duties and obligations of these licensees to their clients and the public, as well as standards for the conduct of business, including contract and disclosure requirements, record keeping requirements, requirements for local offices, escrow trust fund management, agency representation, advertising regulations and fair housing requirements.

In each of the states where we have operations, we assign appropriate personnel to manage and comply with applicable laws and regulations.

Most states have local regulations (city or county government) that govern the conduct of the real estate brokerage business. Local regulations generally require additional disclosures by the parties to a real estate transaction or their agents, or the receipt of reports or certifications, often from the local governmental authority, prior to the closing or settlement of a real estate transaction as well as prescribed review and approval periods for documentation and broker conditions for review and approval.

Third-Party Rules

Beyond federal, state and local governmental regulations, the real estate industry is subject to rules established by private real estate groups and/or trade organizations, including, among others, state Associations of REALTORS® (AOR), and local Associations of REALTORS® (AOR), the National Association of Realtors® (NAR), and local Multiple Listing Services (MLSs). “REALTOR” and “REALTORS” are registered trademarks of the National Association of REALTORS®.

Each third-party organization generally has prescribed policies, bylaws, codes of ethics or conduct, and fees and rules governing the actions of members in dealings with other members, clients and the public, as well as how the third-party organization’s brand and services may or might not be deployed or displayed.

Employees

As of June 30, 2019, we had 15 full-time employees.

Our operations are overseen directly by management. Our management oversees all responsibilities in the areas of corporate administration, training, agent relations, business development, technology, and research. We intend to expand our current management to retain skilled employees with experience relevant to our business. Our management’s relationships with agents and technology providers should provide the foundation through which we can continue to grow our business in the future.

Independent Contractors

As of June 30, 2019, we had approximately 3,275 agents whom we classify as independent contractors. None of our employees or agents are represented by unions, and we believe our employee and agent relations are good.

Properties

Our principal executive office is located at 211 New Edition Court, Suite 211, Cary, North Carolina, 27511. Our total office space at the principal executive office is approximately 3,400 square feet and has lease terms expiring on November 30, 2020. We believe our office space is adequate for at least the next 12 months.

We also lease office space located at 24800 Chrisanta Drive, Suite 140, Mission Viejo, California, 92691. This office space is approximately 1980 square feet and has lease terms expiring on December 31, 2020. We primarily use this office space for our accounting team.

In addition, we lease office space in Phoenix, Arizona; Bentonville, Arkansas; Hollywood, Florida; Cumming, Georgia; and Greenville, South Carolina with leases expiring between 2019 and 2020. None of these leases are individually material to our business model and all have either an option to renew or are located in major markets with adequate opportunities to continue business operations at terms satisfactory to us.

Legal Proceedings

We are not involved in any litigation that we believe could have a material adverse effect on our financial position or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of our executive officers, threatened against or affecting our Company or our officers or directors in their capacities as such.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information concerning our directors and executive officers as of June 30, 2019:

Name	Age	Position
Joshua Harley	43	Chairman, Chief Executive Officer, Director
Marco Fregenal	55	President and Chief Financial Officer, and Director
Samantha Giuggio	49	Chief Broker Operations Officer
Chris Bennett	38	Director
Jeffrey Coats	61	Director
David C. Hood	57	Director
Glenn Sampson	78	Director
Jennifer Venable	48	Director

The following is a biographical summary of the experience of our executive officers and directors:

Executive Officers

Joshua Harley — Chairman, Chief Executive Officer, Director

Joshua Harley, the Company's founder, has been our Chairman and Chief Executive Officer since 2009. From 2007 to 2009, Mr. Harley served as Chief Executive Officer and Founder of Texas Home Central. Prior to that, Mr. Harley was an Internet Manager at Highland Homes from 2005 to 2007. From 2003 to 2005, Mr. Harley served as Founder and President of Everdrive Solutions, assisting with outsourced internet sales. Prior to this, Mr. Harley served in various IT recruiter roles. From 1995 until 2003, Mr. Harley served in the United States Marine Corps.

Among other experience, qualifications, attributes and skills, we believe Mr. Harley's perspective as a large shareholder, his extensive leadership and experience as our Chief Executive Officer, his knowledge of our operations, and oversight of our business bring to our Board critical strategic planning and operational leadership that qualify him to serve as one of our directors.

Marco Fregenal—President and Chief Financial Officer, Director

Marco Fregenal has been our Chief Financial Officer since 2012. He has also served as our President since January 1, 2018. Prior to this, Mr. Fregenal served as our Chief Operating Officer and Chief Financial Officer from May 1, 2012 to December 31, 2017. Prior to joining Fathom, Mr. Fregenal served as Chief Operating Officer and Chief Financial Officer of EvoApp Inc, a provider of social media business intelligence, from 2009 to 2012. He was also the Chief Executive Officer and Chief Financial officer of Carpio Solutions, an information technology solutions company, from 2007 to 2009. Mr. Fregenal received a B.S. in economics from Rutgers University and a Masters in Econometrics and Operations Research from Monmouth University.

We believe Mr. Fregenal's extensive financial experience, his knowledge of our operations and oversight of our business qualify him to serve as one of our directors.

Samantha Giuggio — Chief Broker Operations Officer

Samantha Giuggio has served as our Chief Broker Operations Officer since June 2019. Prior to this, she served as Senior Vice President from October 2015 to June 2019. From April 2014 to October 2015, Ms. Giuggio served as our Regional Vice President and Vice President of Operations. She also served as our District Director RDU from February 2013 to April 2014. She served as an Agent and Group Leader Training Coordinator with us prior to this. Ms. Giuggio received an associates in hospitality management from Holyoke Community College.

Non-Employee Directors

Christopher Bennett – Director

Christopher Bennett has served on our Board since February 2019. From September 2005 to the present, Mr. Bennett has served as Chief Executive Officer and Founder of 9th Floor, a marketing agency that focuses on search, content, social, paid media and digital marketing. From April 2017 to the present, Mr. Bennett has been the managing partner of 7Sixty Ventures, a partnership acting as angel investors in start-up companies.

We believe Mr. Bennett's extensive management and marketing skills qualify him to serve as one of our directors.

Jeffrey H. Coats - Director

Jeffrey Coats has served on our Board since February 2019. Mr. Coats was the Chief Executive Officer of AutoWeb, Inc. (formerly Autobytel, Inc.), an online automotive sales company, from December 2008 to April 2018. Prior to this, he served as Managing Director of Southgate Alternative Investments from April 2006 to December 2008. Mr. Coats served as Chief Executive Officer of Mikronite Technologies Group Inc. from March 2002 to April 2006. Mr. Coats served on the board of directors of Autoweb from August 1996 to September 2018, and Tell on Demand since September 2014. Mr. Coats received a B.A. from the University of Georgia and an MBA from the American Graduate School of International Management.

We believe Mr. Coats' experience as a director of various companies, and his management experience, qualify him to serve as one of our directors.

David C. Hood – Director

David Hood has served on our Board since May 2019. Mr. Hood served as audit partner at Ernst & Young in Raleigh from 2005 to 2015. Prior to that, Mr. Hood was the Vice President, Finance at Quintiles Americas, currently known as IQVIA Holdings Inc, a leading global provider of contract research services, from 1993 to 2000, where he helped take the company public. Mr. Hood received a B.S. in accounting from Guilford College and is a Certified Public Accountant.

We believe Mr. Hood's experience in taking organizations public, capital raises, merger and acquisition transactions and financial acumen, qualify him to serve as one of our directors.

Glenn A. Sampson - Director

Glenn Sampson has served on our Board since February 2019. Mr. Sampson served in various positions at Exxon Mobil Corporation from 1965 until his retirement in 2000, with his most recent position being Manager, Data Management, in the Controller's Department. Since retirement he has served in various volunteer roles. Mr. Sampson received his B.S. from Stanford University and a M.S. from Northwestern University.

We believe Mr. Sampson's more than five decades of general and financial management experience qualify him to serve as one of our directors.

Jennifer B. Venable - Director

Jennifer Venable has served on our Board since February 2019. From April 2013 to the present, Ms. Venable has served as Vice President and General Counsel at Capitol Broadcasting Company, Inc. From September 2009 to April 2013, Ms. Venable was General Counsel at Alfresco Software, Inc. Prior to that, Ms. Venable served as Commercial Counsel and as Senior Partner Manager of Red Hat, Inc. from September 2002 to July 2009 and as in-house counsel for an internet start-up and in private practice. Ms. Venable received her BA in Government and Sociology from The College of William and Mary and her JD from The University of North Carolina at Chapel Hill.

We believe Ms. Venable's experience with complex legal issues, corporate governance, international business, and project management qualify her to serve as one of our directors.

Family Relationships

There is no family relationship between any director, executive officer or person nominated to become a director or executive officer other than Mr. Sampson who is Mr. Harley's father-in-law.

Board of Directors

Composition of our Board of Directors

Our amended and restated bylaws provide that our Board must consist of between one and nine directors, and such number of directors within this range may be determined from time to time by resolution of our Board or our shareholders. We currently have seven directors.

Our restated articles of incorporation and amended and restated bylaws also provide that our directors may be removed with or without cause if the number of votes cast to remove such director exceeds the number of votes cast not to remove him or her. An election of our director by our shareholders will be determined by a plurality of the votes cast by the shareholders entitled to vote on the election.

Committees of our Board of Directors

Our securities are not quoted on an exchange, and we do not presently intend to list our securities on an exchange that has a requirement that a majority of our directors be independent. Additionally, we are not currently otherwise subject to any law, rule or regulation requiring that all or any portion of our Board include independent directors, nor are we required to establish or maintain an audit committee or other committee of our Board. However, in order to enhance our Board's accountability and ability to act independently, in February 2019, we established an audit committee, a nominating and governance committee, and a compensation committee. We apply the definition of independence used by The NASDAQ Stock Market to make a determination on the independence of our directors.

Our audit committee consists of David Hood (Chair), Jeffrey Coats and Jennifer Venable. Our compensation committee consists of Jeffrey Coats (Chair), Christopher Bennett and David Hood. Our nominating and governance committee consists of Jennifer Venable (Chair), Christopher Bennett and Jeffrey Coats. Our Board adopted written charters for each of these committees in August of 2019, all of which are available on our website, <https://www.FathomRealty.com>. In addition, from time to time, special committees may be established under the direction of our Board when necessary to address specific issues.

Our Board has undertaken a review of the independence of our directors and has determined that Chris Bennett, Jeffrey Coats, David Hood and Jennifer Venable are independent within the meaning of The NASDAQ Stock Market listing rules and meet the additional test for independence for audit committee members imposed by SEC regulation and The NASDAQ Stock Market listing rules.

Audit Committee

The audit committee consists of David Hood (Chair), Jeffrey Coats and Jennifer Venable and is responsible for, among other things:

- appointing, terminating, compensating, and overseeing the work of any accounting firm engaged to prepare or issue an audit report or other audit, review or attest services;
- reviewing and approving, in advance, all audit and non-audit services to be performed by the independent auditor, taking into consideration whether the independent auditor's provision of non-audit services to us is compatible with maintaining the independent auditor's independence;
- reviewing and discussing the adequacy and effectiveness of our accounting and financial reporting processes and controls and the audits of our financial statements;
- establishing and overseeing procedures for the receipt, retention, and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by our employees regarding questionable accounting or auditing matters;

- investigating any matter brought to its attention within the scope of its duties and engaging independent counsel and other advisors as the audit committee deems necessary;
- determining compensation of the independent auditors and of advisors hired by the audit committee;
- reviewing and discussing with management and the independent auditor the annual and quarterly financial statements prior to their release;
- monitoring and evaluating the independent auditor’s qualifications, performance, and independence on an ongoing basis;
- reviewing reports to management prepared by the internal audit function, as well as management’s response;
- reviewing and assessing the adequacy of the formal written committee charter on an annual basis;
- reviewing and approving related-party transactions for potential conflict of interest situations on an ongoing basis; and
- handling such other matters that are specifically delegated to the audit committee by our Board from time to time.

Our Board has affirmatively determined that under the NASDAQ Stock Market definitions, Mr. Hood meets the definitions of both an “audit committee financial expert” and an “independent director” for purposes of serving on an audit committee, and is so designated.

Compensation Committee

The compensation committee consists of Jeffrey Coats (Chair), Christopher Bennett and David Hood and is responsible for, among other things:

- reviewing and approving the compensation, employment agreements, severance arrangements, and other benefits of all of our executive officers and key employees;
- reviewing and approving, on an annual basis, the corporate goals and objectives relevant to the compensation of the executive officers, and evaluating their performance in light thereof;
- reviewing and making recommendations, on an annual basis, to our Board with respect to director compensation;
- reviewing any analysis or report on executive compensation required to be included in the annual proxy statement and periodic reports pursuant to applicable federal securities rules and regulations, and recommending the inclusion of such analysis or report in our proxy statement and period reports;
- reviewing and assessing, periodically, the adequacy of the formal written committee charter; and
- such other matters that are specifically delegated to the compensation committee by our Board from time to time.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee consists of Jennifer Venable (Chair), Christopher Bennett, and Jeffrey Coats and is responsible for, among other things:

- identifying and screening candidates for our Board, and recommending nominees for election as directors;

- establishing procedures to exercise oversight of the evaluation of our Board and management;
- developing and recommending to our Board a set of corporate governance guidelines, as well as reviewing these guidelines and recommending any changes to our Board;
- reviewing the structure of our Board's committees and recommending to our Board for its approval directors to serve as members of each committee, and where appropriate, making recommendations regarding the removal of any member of any committee;
- developing and reviewing our code of conduct, evaluating management's communication of the importance of our code of conduct, and monitoring compliance with our code of conduct;
- reviewing and assessing the adequacy of the formal written committee charter on an annual basis; and
- generally advising our Board on corporate governance and related matters.

Candidates for director nominees are reviewed in the context of the current composition of our Board and the Company's operating requirements and the long-term interests of its shareholders. In conducting this assessment, our Board considers skills, diversity, age, and such other factors as it deems appropriate given the current needs of our Board and the Company, to maintain a balance of knowledge, experience and capability.

Code of Conduct

We adopted a code of ethics relating to the conduct of our business by all of our employees, officers, and directors, as well as a code of conduct specifically for our principal executive officer and senior financial officers. We also adopted a corporate communications policy for our employees and directors establishing guidelines for the disclosure of information related to the Company to the investing public, market analysts, agents, dealers, investment advisors, the media, and any persons who are not our employees or directors. Additionally, we adopted an insider trading policy to establish guidelines for our employees, officers, directors, and consultants regarding transactions in our securities and the disclosure of material nonpublic information related to the Company. Each of these policies is posted on our website, <https://www.FathomRealty.com>.

EXECUTIVE AND DIRECTOR COMPENSATION

The following discussion of compensation arrangements should be read with the compensation tables and related disclosures set forth below. This discussion contains forward-looking statements that are based on our current plans and expectations regarding future compensation programs, see “*Special Note Regarding Forward-Looking Statements.*” Actual compensation programs that we adopt may differ materially from the programs summarized in this discussion.

Overview

The discussion below includes a review of our compensation decisions with respect to fiscal year 2018 for our “named executive officers,” or NEOs, namely our principal executive officer and our two other most highly compensated executive officers. Our NEOs for fiscal year 2018 were:

- Joshua Harley, Chairman and Chief Executive Officer;
- Marco Fregenal, President and Chief Financial Officer; and
- Samantha Giuggio, Chief Broker Operations Officer.

Key Elements of Our Compensation Program for 2018

In 2018, we compensated our NEOs through base salary, as described below. Our officers are also eligible for the standard benefits programs we offer all employees.

Summary Compensation Table

Name and principal position	Fiscal Year	Salary (\$)(1)	Bonus (\$)	Stock awards (\$)	Option awards (\$)	All other compensation (\$)	Total (\$)
Joshua Harley, <i>Chief Executive Officer</i>	2018	\$ 381,095	—	—	—	\$ 31,140(2)	\$ 412,235
	2017	\$ 372,500	—	—	—	\$ 7,802(3)	\$ 380,302
Marco Fregenal, <i>President and Chief Financial Officer</i>	2018	\$ 397,157	—	—	—	\$ 22,808(4)	\$ 419,965
	2017	\$ 283,397	—	—	—	\$ 28,830(5)	\$ 312,227
Samantha Giuggio <i>Chief Broker Operations Officer</i>	2018	\$ 140,000	—	—	—	\$ 22,422(6)	\$ 162,422
	2017	\$ 120,000	—	—	—	\$ 1,510(7)	\$ 121,510

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- (1) Reflects base salary earned during the fiscal year covered.
 - (2) Includes \$6,544 in medical insurance premiums, \$8,086 in real estate commissions, and \$16,510 attributable to use of a Company automobile.
 - (3) Includes \$5,250 attributable to use of a Company automobile and \$2,552 related to real estate commissions.
 - (4) Includes \$12,000 in medical insurance premiums, and \$10,808 attributable to use of a Company automobile.
 - (5) Includes \$12,000 in medical insurance premiums, and \$16,830 attributable to use of a Company automobile.
 - (6) Includes \$4,892 in medical insurance premiums and \$17,530 in real estate commissions.
 - (7) Includes \$1,510 in real estate commissions.

Employment Agreements

The Company has not entered into employment agreements with any of its NEOs. Each NEO's annual compensation will be determined and approved by the compensation committee.

Equity Incentive Plans

Our Board has adopted and our shareholders have approved a 2017 Stock Plan and an 2019 Omnibus Stock Incentive Plan. The number of shares issued, number of shares reserved for issuance, number of shares underlying outstanding stock options and number of shares remaining available for future issuance under each plan, as of June 30, 2019, are as follows:

Plan	Number of Shares Issued	Number of Shares Reserved for Issuance	Number of Shares Underlying Outstanding Options or Warrant	Number of Shares Remaining Available for Future Issuance
2017 Stock Plan	[_____]	[_____]	[_____]	[_____]
2019 Omnibus Stock Incentive Plan	—	5,000,000	—	5,000,000

The following description of each of our equity compensation plans is qualified by reference to the full text of those plans, which are filed as exhibits to the registration statement of which this prospectus forms a part. Our equity incentive plans are designed to continue to give our Company flexibility to make a wide variety of equity awards to reflect what the compensation committee and management believe at the time of such award will best motivate and reward our employees, directors, consultants and other service providers.

2017 Stock Plan

Our Board adopted the Fathom Ventures, Inc. 2017 Stock Plan (the "2017 Plan") on May 5, 2017, and our shareholders approved the 2017 Plan on May 11, 2017. The 2017 Plan was amended upon approval by our Board and shareholders on September 11, 2018 to reflect the change in our name from Fathom Ventures, Inc. to Fathom Holdings Inc. and to reflect the effect of a 10-for-1 stock split and later 1-for-2 reverse stock split conducted in 2018.

We adopted the 2017 Plan to promote the success and enhance the value of the Company by linking the individual interests of employees, non-employee directors, contractors and consultants, to those of our shareholders and by providing those individuals with an incentive. The 2017 Plan provides flexibility to the Company in its ability to motivate, attract, and retain the services of employees, non-employee directors, contractors and consultants.

Stock Awards. The 2017 Plan provides for the grant of incentive stock options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), non-statutory stock options, stock bonuses, and stock purchase rights (collectively, "stock rights"). Incentive stock options may be granted only to employees of the Company, or our parent company (if any) and any of our present or future subsidiaries. All other awards may be granted to employees, non-employee directors, contractors and consultants.

Share Reserve. As of July 31, 2019, [_____] shares of our common stock have been issued under the 2017 Plan, [_____] shares of our common stock are subject to outstanding stock right awards under the 2017 Plan, and [_____] shares of our Common stock remain available for future stock right awards under the 2017 Plan.

If any Option granted under the 2017 Plan expires or terminates for any reason prior to its full exercise, or if the Company reacquires any shares issued pursuant to stock rights, then the shares subject to such stock options or any shares so reacquired by the Company will again be available for grants of stock rights under the 2017 Plan. Shares of our Series B common stock which are withheld to pay the exercise price of an Option or any related withholding obligations will not be available for issuance under the 2017 Plan.

Administration. The 2017 Plan provides for administration by our Board or a committee of our Board. Our Board may increase the size of the committee and appoint additional members, remove members of the committee and appoint new members, fill vacancies on the committee, or remove all members of the committee and directly administer the 2017 Plan. We refer to our Board or the committee appointed to administer the 2017 Plan in this summary as the "Committee." Subject to the restrictions of the 2017 Plan, the Committee determines to whom we grant incentive awards under the 2017 Plan, the terms of the award, including the exercise or purchase price, the number of shares subject to the stock right and the exercisability of the award. All questions of interpretation are determined by the Committee, and its decisions are final and binding upon all participants, unless otherwise determined by our Board.

Stock Options. Two types of stock options may be granted under the 2017 Plan. Incentive stock options within the meaning of Section 422 of the Code may be granted solely to our employees (and employees of our parent and subsidiary corporations, if any). Non-statutory stock options, which do not qualify for any special tax treatment under Section 422 of the Code, may be granted to employees, non-employee directors, contractors and consultants.

The Committee determines the price per share of options granted under the 2017 Plan on the date of grant, and in the case of incentive stock options the price per share must be at least 100% of the fair market value per share at the time of grant. The price per share of any incentive stock option granted to an employee who owns stock possessing more than 10% of the voting power of all classes of our stock must equal at least 110% of the fair market value of the Series B common stock on the date of grant. To the extent that the aggregate fair market value, determined at the time of grant, of shares of our Series B common stock with respect to which incentive stock options are exercisable for the first time by an option holder during any calendar year under any of our equity plans exceeds \$100,000, such options will not qualify as incentive stock options.

Payment of the exercise price for a stock option may be made by delivery of cash or a check, or, in the discretion of the Committee, the exercise price may be paid through any other form of consideration and method of payment permitted by law and the 2017 Plan, including (a) the delivery of already-owned shares of our Series B common stock, (b) the delivery of the grantee's personal recourse promissory note, (c) through the surrender of shares issuable upon exercise of the option (i.e., a net exercise), (d) through a broker-assisted cashless exercise, or (e) any combination of the above.

Options granted under the 2017 Plan will become exercisable at the rate specified by the Committee. Stock options granted under the 2017 Plan, whether incentive stock options or non-statutory options, generally expire 10 years from the date of grant, except that incentive stock options granted to an employee who owns stock possessing more than 10% of the total combined voting power of all classes of our stock are not exercisable for longer than five years after the date of grant.

Stock Bonuses and Purchase Rights. The 2017 Plan provides for shares of our Series B common stock to be awarded or provided as opportunities to purchase our Series B common stock to participants as an incentive for the performance of services for us or our affiliates. The Committee may determine the purchase price to be paid for such stock, if any, and other terms of such purchase or award.

Termination of Employment or Affiliation. The 2017 Plan provides that if a grantee ceases to provide Continuous Service (as defined in the 2017 Plan) to the Company or an affiliate other than by reason of death or disability or termination for cause, the grantee may exercise any stock right held by him or her to the extent it could have been exercised on the date of termination until the stock right's specified expiration date. In the event the grantee exercises any incentive stock option after the date that is three months following the date of termination, such incentive stock option will be converted into a non-statutory stock option. When a grantee's Continuous Service ends for Cause (as defined in the 2017 Plan) then the grantee's right to exercise a stock right ends immediately.

Death or Disability. The 2017 Plan provides that if a grantee's Continuous Service to the Company or an affiliate ends by reason of death, or if a grantee dies within three months of the date his or her Continuous Service ends, then the grantee's estate, personal representative or beneficiary who acquired the stock right by will or by the laws of descent and distribution may exercise that stock right to the extent it could have been exercised on the date of the grantee's death. Unless otherwise specified in the instrument granting the stock right, the acquirer of the stock right may exercise the stock right within one year after the date of the grantee's termination or before the stock right's specified expiration date, whichever is earlier.

The 2017 Plan provides that if a grantee ceases Continuous Service by reason of disability, he or she will have the right to exercise any stock right held by him or her to the extent it could have been exercised on the date of termination. Unless otherwise provided by the instrument granting the stock right, the grantee may exercise such stock right within one year after the date of termination or before the stock right's specified expiration date, whichever is earlier.

Transferability. Except for transfers made by will or the laws of descent and distribution, no incentive stock option shall be assignable or otherwise transferable by the holder of the stock right. During a recipient's lifetime, an incentive stock option may be exercised only by him or her. Other stock rights may be transferred by the holder thereof to a "Permitted Transferee" (as defined in the 2017 Plan), or by will or the laws of descent and distribution. We are not required to recognize the rights of a Permitted Transferee until such time as we receive a copy of the assignment form the holder of the stock right.

Changes in Capitalization. In the event of a change in the number of shares of our Series B common stock through stock split, reverse stock split, stock dividend, combination, consolidation, reclassification of Series B common stock or subdivision, then the number of shares deliverable upon the exercise of outstanding stock rights will be proportionately adjusted, and appropriate adjustments will be made in the purchase and/or exercise prices per share to reflect such occurrence. Additionally, in such an event, the aggregate number of stock rights that have been or subsequently may be granted under the 2017 Plan will also be appropriately adjusted.

Corporate Transactions. The 2017 Plan provides that in the event of our merger, consolidation or other capital reorganization or business combination transaction with or into another corporation or the sale, transfer, or other disposition of all or substantially all of our assets, which we refer to as an "acquisition," whereby the acquiring entity or our successor does not agree to assume the Stock Rights or substitute them with equivalent awards, then unless otherwise determined by the Committee, all outstanding Stock Rights will vest and will become immediately exercisable in full and, if not exercised on the closing of the acquisition, will terminate on such date.

In the event of the proposed dissolution or liquidation of the Company, each Stock Right will terminate immediately prior to the consummation of the proposed action, or at such other time and subject to such other conditions determined by the Committee.

Lock-up Agreement. Each recipient of securities under the 2017 Plan agreed not to lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to the purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of our Series B common stock or any securities convertible into or exercisable or exchangeable for our Series B common stock for a period of time up to but not exceeding 180 days from the ending date specified by our Company and such managing underwriter of the first firm commitment underwritten offering of our equity securities.

Termination or Amendment. Our Board may amend, suspend or terminate the 2017 Plan. However, shareholder approval is required to increase the aggregate share limit, change the description of eligible recipients of incentive stock options, modify the requirements regarding the exercise price per share for incentive stock options, or extend the expiration date of the 2017 Plan.

The 2017 Plan will expire on May 11, 2027.

2019 Stock Plan

Our Board adopted the Fathom Holdings Inc. 2019 Omnibus Stock Incentive Plan (the "2019 Plan") on August 6, 2019, and our shareholders approved the 2019 Plan on August 8, 2019. We adopted the 2019 Plan to promote the success and promote the growth of the market value of the Company's common stock by linking the individual interests of employees, directors, and consultants, to those of our shareholders and by providing those individuals with an incentive. The 2019 Plan provides flexibility to the Company in its ability to motivate, attract, and retain the services of employees, directors, and consultants.

Share Reserve. As of November 8, 2019, zero shares of our common stock have been issued under the 2019 Plan and 5,000,000 shares of our common stock remain available for future stock right awards under the 2019 Plan.

Administration. The 2019 Plan is administered by our Board or a committee designated by our Board. With respect to grants of awards to our officers or directors, the 2019 Plan is administered by our Board or a designated committee in a manner that permits such grants and related transactions to be exempt from Section 16(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The plan administrator has the full authority to select recipients of the grants, determine the extent of the grants, establish additional terms, conditions, rules or procedures to accommodate rules or laws of applicable non-U.S. jurisdictions, adjust awards and to take any other action deemed appropriate; however, no action may be taken that is inconsistent with the terms of the 2019 Plan.

Administration. The 2019 Plan is administered by our Board or a committee designated by our Board. With respect to grants of awards to our officers or directors, the 2019 Plan is administered in a manner that permits such grants and related transactions to be exempt from Section 16(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We refer to our Board or the committee appointed to administer the 2019 Plan in this summary as the “plan administrator.” The plan administrator has the full authority to select recipients of the grants, determine the extent of the grants, establish additional terms, conditions, rules or procedures to accommodate rules or laws of applicable non-U.S. jurisdictions, adjust awards and to take any other action deemed appropriate; however, no action may be taken that is inconsistent with the terms of the 2019 Plan.

Available Shares. Subject to adjustment upon certain corporate transactions or events, a maximum of 5,000,000 shares of our Common Stock may be issued under the 2019 Plan. Any shares covered by an award that is forfeited, canceled, or expires shall be deemed to have not been issued for purposes of determining the maximum aggregate number of shares which may be issued under the 2019 Plan. Shares that actually have been issued under the 2019 Plan pursuant to an award shall not be returned to the 2019 Plan and shall not become available for future issuance under the 2019 Plan, other than unvested shares that are forfeited or repurchased by our Company. In the event any option or other award granted under the 2019 Plan is exercised through the tendering of shares (either actually or through attestation), or in the event tax withholding obligations are satisfied by tendering or withholding shares, any shares so tendered or withheld are not again available for awards under the 2019 Plan. To the extent that cash is delivered in lieu of shares of Common Stock upon the exercise of a stock right, then we shall be deemed, for purposes of applying the limitation on the number of shares, to have issued the number of shares of Common Stock which we were entitled to issue upon such exercise. Shares of Common Stock we reacquire on the open market or otherwise using cash proceeds from the exercise of options shall not be available for awards under the 2019 Plan.

Eligibility and Types of Awards. The 2019 Plan permits us to grant stock awards, including stock options, stock appreciation rights (“SARs”, restricted stock, restricted stock units (“RSUs”)) and dividend equivalent rights to our employees, directors, and consultants.

Stock Options. A stock option may be an incentive stock option within the meaning of, and qualifying under, Section 422 of the Code, or a non-statutory stock option. However, only our employees (or employees of our parent or subsidiaries, if any) may be granted incentive stock options. Incentive and non-statutory stock options are granted pursuant to option agreements adopted by the plan administrator. The plan administrator determines the exercise price for a stock option, within the terms and conditions of the 2019 Plan, provided that the exercise price of a stock option cannot be less than 100% of the fair market value of our common stock on the date of grant. Options granted under the 2019 Plan will become exercisable at the rate specified by the plan administrator.

The plan administrator determines the term of the stock options granted under the 2019 Plan, up to a maximum of 10 years, except in the case of certain incentive stock options, as described below. Unless the terms of an option holder’s stock option agreement provide otherwise, if an option holder’s relationship with us, or any of our affiliates, ceases for any reason other than disability or death, the option holder may exercise any options otherwise exercisable as of the date of termination, but only during the post-termination exercise period designated in the option holder’s stock option award agreement. The option holder’s stock option award agreement may provide that upon the termination of the option holder’s relationship with us for cause, the option holder’s right to exercise his or her options shall terminate concurrently with the termination of the relationship. If an option holder’s service relationship with us, or any of our affiliates, ceases due to disability or death, or an option holder dies within a certain period following cessation of service, the option holder or his or her estate or person who acquired the right to exercise the award by bequest or inheritance may exercise any vested options for a period of 12 months. The option term may be extended in the event that exercise of the option within the applicable time periods is prohibited by applicable securities laws or such longer period as specified in the stock option award agreement but in no event beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (a) cash or check, (b) delivery of a promissory note, (c) a broker-assisted cashless exercise, (d) the tender of common stock previously owned by the option holder, (e) a net exercise of the option, (f) past or future services rendered, (g) any combination of the foregoing methods of payment, and (h) any other form of consideration permitted by the plan administrator.

Unless the plan administrator provides otherwise, awards generally are not transferable, except by will or the laws of descent and distribution.

To the extent that the aggregate fair market value, determined at the time of grant, of shares of our common stock with respect to which incentive stock options are exercisable for the first time by an option holder during any calendar year under any of our equity plans exceeds \$100,000, such options will not qualify as incentive stock options. A stock option granted to any employee who, at the time of the grant, owns or is deemed to own stock representing more than 10% of the voting power of all classes of stock may not be an incentive stock option unless (a) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and (b) the term of the incentive stock option does not exceed five years from the date of grant.

Stock Appreciation Rights. SARs may be granted under the 2019 Plan either concurrently with the grant of an option or alone, without reference to any related stock option. The plan administrator determines both the number of shares of Common Stock related to each SAR and the exercise price for a SAR, within the terms and conditions of the 2019 Plan, provided that the exercise price of a SAR cannot be less than 100% of the fair market value of the Common Stock subject thereto on the date of grant. In the case of a SAR granted concurrently with a stock option, the number of shares of Common Stock to which the SAR relates will be reduced in the same proportion that the holder of the stock option exercises the related option.

The plan administrator determines whether to deliver cash in lieu of shares of Common Stock upon the exercise of a SAR. If Common Stock is issued, the number of shares of Common Stock that will be issued upon the exercise of a SAR is determined by dividing (a) the number of shares of Common Stock as to which the SAR is exercised multiplied by the amount of the appreciation in such shares, by (b) the fair market value of a share of Common Stock on the exercise date.

If the plan administrator elects to pay the holder of the SAR cash in lieu of shares of common stock, the holder of the SAR will receive cash equal to the fair market value on the exercise date of any or all of the shares that would otherwise be issuable.

The exercise of a SAR related to a stock option is permissible only to the extent that the stock option is exercisable under the terms of the 2019 Plan on the date of surrender. Any incentive stock option surrendered will be deemed to have been converted into a non-statutory stock option immediately prior to such surrender.

Restricted Stock. Restricted stock awards are awards of shares of our Common Stock that are subject to established terms and conditions. The plan administrator sets the terms of the restricted stock awards, including the size of the restricted stock award, the price (if any) to be paid by the recipient and the vesting schedule and criteria (which may include continued service to us for a period of time or the achievement of performance criteria). If a recipient's service terminates before the restricted stock is fully vested, all of the unvested shares generally will be forfeited to, or repurchased by, us.

Restricted Stock Units. An RSU is a right to receive stock, cash equal to the value of a share of stock or other securities or a combination of the three at the end of a set period or the attainment of performance criteria. No stock is issued at the time of grant. The plan administrator sets the terms of the RSU award, including the size of the RSU award, the consideration (if any) to be paid by the recipient, vesting schedule, and criteria and form (stock or cash) in which the award will be settled. If a recipient's service terminates before the RSU is fully vested, the unvested portion of the RSU award generally will be forfeited to us.

Dividend Equivalent Rights. Dividend equivalent rights entitle the recipient to compensation measured by dividends paid with respect to a specified number of shares of common stock.

Performance-Based Compensation. The 2019 Plan establishes procedures for the Company to grant performance-based awards, meaning awards structured so that they will vest only upon the achievement of performance criteria established by the plan administrator for a specified performance period. The plan administrator will establish the performance goals before the 90th day of the applicable performance period (or, if the performance period is less than a year, no later than the number of days which is equal to 25% of the performance period).

The business measures that may be used to establish the performance criteria may include one of, or combination of, the following:

- Net earnings or net income (before or after taxes);
- Earnings per share;
- Net sales growth;
- Net operating profit;
- Return measures (including, but not limited to, return on assets, capital, equity, or sales);
- Cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital);
- Cash flow per share;
- Earnings before or after taxes, interest, depreciation, and/or amortization;
- Gross or operating margins;
- Productivity ratios;
- Share price (including, but not limited to, growth measures and total shareholder return);
- Expense targets or ratios;
- Charge-off levels;
- Improvement in or attainment of revenue levels;
- Margins;
- Operating efficiency;
- Operating expenses;
- Economic value added;
- Improvement in or attainment of expense levels;
- Improvement in or attainment of working capital levels;
- Debt reduction;
- Capital targets; and
- Consummation of acquisitions, dispositions, projects or other specific events or transactions.

Transferability of Awards. Unless the plan administrator determines otherwise, no award may be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. A recipient of an award may designate one or more beneficiaries of the award in the event of the recipient's death.

Changes in Capitalization. In the event of a change in the number of shares of our common stock through stock split, reverse stock split, stock dividend, combination or reclassification of our common stock, then the number of shares covered by each outstanding award and the number of shares which have been authorized for issuance under the 2019 Plan but have not yet been granted or have been returned to the 2019 Plan, will be proportionately adjusted, and appropriate adjustments will be made in the purchase and/or exercise prices per share.

Corporate Transactions. Effective upon the consummation of a corporate transaction, all outstanding awards under the 2019 Plan will terminate unless they are assumed in connection with the corporate transaction.

The plan administrator has the authority, exercisable either in advance of any actual or anticipated corporate transaction or at the time of an actual corporate transaction, and exercisable at the time of the grant of an award under the 2019 Plan or any time while an award remains outstanding, to provide for the full or partial automatic vesting and exercisability of one or more outstanding unvested awards under the 2019 Plan and the release from restrictions on transfer and repurchase or forfeiture rights of such awards in connection with a corporate transaction on such terms and conditions as the plan administrator may specify. The plan administrator may also condition any such award's vesting and exercisability or release from such limitations upon the subsequent termination of the continuous service of the holder of the award within a specified period following the effective date of the corporate transaction. The plan administrator may provide that any awards so vested or released from such limitations in connection with a corporate transaction shall remain fully exercisable until the expiration or sooner termination of the award.

Amendment and Termination. Our Board generally may amend, suspend, or terminate the 2019 Plan. However, our Board may not make certain amendments to the 2019 Plan without shareholder approval, such as an increase in the number of shares reserved under the 2019 Plan, modifications to the provisions of the 2019 Plan regarding the grant of incentive stock options, modifications to the provisions of the 2019 Plan regarding the exercise prices at which shares may be offered pursuant to options, extension of the 2019 Plan's expiration date and certain modifications to awards, such as reducing the exercise price per share, canceling and regranting new awards with lower prices per share than the original prices per share of the cancelled awards, or canceling any awards in exchange for cash or the grant of replacement awards with an exercise price that is less than the exercise price of the original awards.

The 2019 Plan will expire on August 8, 2029.

Director Compensation

Our directors who are employed by us do not receive any additional compensation for serving on our Board, and our non-employee directors will not receive compensation following the registration of the Shares, except as described below.

Effective April 16, 2019, each non-employee director will receive an annual retainer of \$15,000 per year in cash compensation, as well as \$25,000 in one-year time-vesting stock options. We also will pay such directors the following cash and equity fees for each quarter they chair one of our Board committees:

Compensation Committee Chair

- \$10,000 per year in cash, paid quarterly; and
- \$15,000 in one-year time-vesting stock options.

Audit Committee Chair

- \$15,000 per year in cash, paid quarterly; and
- \$15,000 in one-year time-vesting stock options.

The Company will also cover the travel costs for Board members to attend four in-person Board meetings a year, or any additional in-person Board meetings duly called by the Chairman of the Board.

None of our current non-employee directors were paid any compensation for serving on our Board for the years ended December 31, 2017 or 2018.

From April 16, 2019 to May 10, 2019, Hoshi Printer served as a member of our Board, as Chair of the Audit Committee and a member of the Compensation Committee. For his service, Mr. Printer received \$30,000 in cash compensation and 20,000 vested stock options with an exercise price of \$1.00 per share.

Outstanding Equity Awards as of December 31, 2018

There were no outstanding equity awards held by our NEOs as of December 31, 2018.

TRANSACTIONS WITH RELATED PERSONS

Set forth below is a description of certain relationships and related person transactions between us or our subsidiaries, and our directors, executive officers and holders of more than 5% of our voting securities. We believe that all of the following transactions were entered into with terms as favorable as could have been obtained from unaffiliated third parties.

IntelliAgent, LLC

IntelliAgent, LLC is currently a direct, wholly-owned subsidiary of the Company. Prior to August 31, 2018, IntelliAgent was owned equally by Joshua Harley and Marco Fregenal, who are officers, directors and shareholders of the Company. On August 31, 2018, the Company entered into a Contribution and Exchange Agreement with the owners of IntelliAgent, where the owners of IntelliAgent contributed all of their ownership interests in IntelliAgent, LLC to Fathom Holdings Inc. in exchange for shares of the Company's stock. For their interest in IntelliAgent, each of the members of IntelliAgent ultimately received 3,151,325 shares of our common stock (which ultimately was exchanged for 6,302,650 shares of our common stock during the Exchange Transactions).

Hometown Heroes Holdings, LLC

Hometown Heroes Holdings, LLC ("HTH") is a real estate portal that generates real estate leads. HTH is fully owned by Joshua Harley, Marco Fregenal, and Glenn Sampson, who are officers (Harley and Fregenal), directors and shareholders of the Company.

During the period between September 2013 through March 2019, the Company loaned a total of \$609,408 to HTH. As of the year ended December 31, 2018 and the quarter ended June 30, 2019, the loan to HTH totaled \$601,729 and \$386,408, respectively.

HTH paid the full balance of its loan in July of 2019. As of July 31, 2019, the loan balance was zero.

The Company also contracts with HTH for its generated real estate leads. For each of the year ended December 31, 2018 and the quarter ended June 30, 2019, the Company owed HTH a total of \$10,064 for these leads.

On Target Transactions LLC

On Target Transactions LLC ("On Target") is a transaction management company for real estate agents. Messrs. Harley and Fregenal, who are officers, directors and shareholders of the Company, own a total of 60% of On Target.

During the period between October 2017 through June 2019, the Company loaned \$94,568 to On Target. As of the year ended December 31, 2018 and the quarter ended June 30, 2019, the loan to On Target totaled \$66,868 and \$93,568, respectively. As of November 1, 2019, the loan to On Target totaled \$3,568.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the amount of our common stock beneficially owned as of June 30, 2019 by (i) each person or group as those terms are used in Section 13(d)(3) of the Exchange Act believed by us to beneficially own more than 5% of our common stock, (ii) each of our directors, (iii) each of our named executive officers, and (iv) all of our current directors and executive officers as a group. Except as otherwise noted, each person named in the table has sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws. The business address of each person below is 211 New Edition Court, Suite 211, Cary, North Carolina, 27511, unless otherwise indicated below.

In accordance with the rules of the SEC, beneficial ownership includes voting or investment power with respect to securities and includes common stock issuable pursuant to options, warrants, and RSUs that are exercisable within 60 days of June 30, 2019. Common stock issuable pursuant to options, warrants, and RSUs are deemed outstanding for computing the percentage of the class beneficially owned by the person holding such securities but are not deemed outstanding for computing the percentage of the class beneficially owned by any other person. The percentage of beneficial ownership for the following table is based on total shares and outstanding as of June 30, 2019.

Name of Beneficial Owner	Common Stock Beneficially Owned Prior to Offering		Common Stock Beneficially Owned After the Offering	
	Shares	%	Shares	%
<i>Directors and Named Executive Officers:</i>				
Joshua Harley		%	—	—
Marco Fregenal		%	—	—
Samantha Giuggio		*	—	—
Christopher Bennett				
Jeffrey Coats				
David Hood				
Glenn Sampson		%	—	—
Jennifer Venable				

All board of director members and named executive officers as a group (8 persons)

* Less than 1%.

SELLING SHAREHOLDERS

The following table sets forth, as of June 30, 2019, the number of our shares of common stock held by the Selling Shareholders. The Selling Shareholders include (i) affiliates of the Company and certain other shareholders with “restricted securities” (as defined in Rule 144 under the Securities Act) who, because of their status as affiliates pursuant to Rule 144 or because they acquired their common stock from an affiliate or the Company within the prior 12 months, would be unable to sell their securities pursuant to Rule 144 until the Company has been subject to the reporting requirements of Section 13 or Section 15(d) the Exchange Act for a period of at least 90 days, and (ii) our employees. The Selling Shareholders may, or may not, elect to sell their shares of common stock covered by this prospectus, as and to the extent they may determine. Such sales, if any, will be made through brokerage transactions on the OTC Markets at prevailing market prices. As such, the Company will have no input if and when any Selling Shareholder may, or may not, elect to sell their shares of common stock or the prices at which any such sales may occur, see “*Plan of Distribution*.”

Information concerning the Selling Shareholders may change from time to time and any changed information will be set forth in supplements to this prospectus, if and when necessary. Because the Selling Shareholders may sell all, some, or none of the common stock covered by this prospectus, we cannot determine the number of such shares of common stock that will be sold by the Selling Shareholders, or the amount or percentage of common stock that will be held by the Selling Shareholders upon consummation of any particular sale. In addition, the Selling Shareholders listed in the table below may have sold, transferred, or otherwise disposed of, or may sell, transfer, or otherwise dispose of, at any time and from time to time, our shares of common stock in transactions exempt from the registration requirements of the Securities Act, after the date on which they provided the information set forth in the table below.

The Selling Shareholders are not entitled to any registration rights with respect to their Shares. However, we currently intend to use our reasonable efforts to keep the Registration Statement effective for a period of 90 days after the effectiveness of the Registration Statement. We are not party to any arrangement with any Selling Shareholder or any broker-dealer with respect to sales of the common stock by the Selling Shareholders. However, we have engaged financial advisors with respect to certain other matters relating to this offering, see “*Plan of Distribution*.”

In accordance with the rules of the SEC, beneficial ownership includes voting or investment power with respect to securities and includes the common stock issuable pursuant to options, warrants, and RSUs that are exercisable within 60 days of June 30, 2019. Common stock issuable pursuant to options, warrants, and RSUs are deemed outstanding for computing the percentage of the class beneficially owned by the person holding such securities but are not deemed outstanding for computing the percentage of the class beneficially owned by any other person. The percentage of beneficial ownership for the following table is based on total shares and outstanding as of June 30, 2019.

The Selling Shareholders have not, nor have they within the past three years had, any position, office, or other material relationship with us, other than as disclosed in this prospectus, see “*Management*” and “*Transactions with Related Persons*” for further information regarding the Selling Shareholders. The business address of each Selling Shareholder is 211 New Edition Court, Suite 211, Cary, North Carolina, 27511, unless otherwise indicated below.

Selling Shareholder	Number of Shares of Common Stock Beneficially Owned Before Any Sale (1)	% of Class	Number of Shares of Common Stock Offered	Shares of Common Stock Beneficially Owned After Sale of All Shares of Common Stock Pursuant to this Prospectus (2)	
				Number of Shares	% of Class
5% Shareholders					
Named Executive Officers and Directors:					
Joshua Harley		%			
Marco Fregenal		%			
Samantha Giuggio		%			
Christopher Bennett		%			
Jeffrey H. Coats		%			
David C. Hood		%			
Glenn Sampson		%			
Jennifer B. Venable		%			
766 other shareholders, each of whom owns less than 1%		%			

* Less than 1%.

DESCRIPTION OF CAPITAL STOCK

The following description summarizes the material terms of Fathom capital stock as of the date of this prospectus. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of our capital stock, you should refer to our Restated Articles of Incorporation and our Amended and Restated Bylaws, and to the provisions of applicable North Carolina law.

General

Our authorized capital stock consists of 100,000,000 shares of common stock with no par value, of which shares were issued and outstanding as of June 30, 2019. Our common stock may be issued from time to time without prior approval by our shareholders. Our common stock may be issued for such consideration as may be fixed from time to time by our Board.

Common Stock

The Company, a North Carolina corporation, is authorized to issue 100,000,000 shares of common stock with no par value per share. Each share of common stock shall have one vote per share for all purposes. The holders of a majority of the shares entitled to vote, present in person or represented by proxy shall constitute a quorum at all meetings of our shareholders. Our common stock does not provide preemptive, subscription or conversion rights and there are no redemption or sinking fund provisions or rights. Our common stock holders are not entitled to cumulative voting for election of our Board. In the event of a liquidation, dissolution or winding up of our Company, holders of common stock are entitled to share ratably in all of our assets remaining after payment of liabilities.

Holders of common stock are entitled to receive ratably such dividends as may be declared by our Board out of funds legally available therefor as well as any distributions to the security holder. We have never paid cash dividends on our common stock, and do not expect to pay such dividends in the foreseeable future.

Charter, Bylaw and Statutory Provisions Having Potential “Anti-takeover” Effects

The following paragraphs summarize certain provisions of our articles of incorporation, bylaws and North Carolina law that may have the effect, or be used as a means, of delaying or preventing attempts to acquire or take control of the Company, or to remove or replace incumbent directors, that are not first approved by our Board, even if those proposed actions are favored by our shareholders.

- *Authorized Shares.* Our amended and restated articles of incorporation currently authorize the issuance of 100,000,000 shares of common stock. Our Board is authorized to approve the issuance of shares of our common stock from time to time. This provision gives our Board flexibility to effect, among other transactions, financings, acquisitions, stock dividends, stock splits and grants of stock options. However, our Board’s authority also could be used, consistent with our Board’s fiduciary duty, to deter future attempts to gain control of the Company by issuing additional common stock to persons friendly to management in order to attempt to block a tender offer, merger or other transaction by which a third party seeks to gain control.
- *Advance Notice of Director Nominations.* Our amended and restated bylaws provide for advance notice procedures with respect to shareholder proposals and the nomination of candidates for election as directors. Pursuant to these provisions, to be timely, a shareholder’s notice must meet certain requirements with respect to its content and be received at our principal executive offices, addressed to the secretary of our Company, within the proscribed time periods. These provisions may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of our Company.

- *Special Meetings of Shareholders.* Our bylaws provide that special meetings of our shareholders may be called only by or at the direction of (a) our Board, (b) the Chairman of our Board, or (c) the President of the Company or (d) shareholders holding a majority of outstanding common stock.
- *Amendment of Bylaws.* Subject to certain limitations under North Carolina law, our bylaws may be amended or repealed by either our Board or our shareholders. Therefore, our Board is authorized to amend or repeal bylaws without the approval of our shareholders. However, a bylaw adopted, amended or repealed by our shareholders might not be readopted, amended or repealed by our Board alone unless our articles of incorporation or a bylaw adopted by our shareholders authorizes our Board to adopt, amend or repeal that particular bylaw or the bylaws generally.
- *Action by Written Consent.* For so long as Mr. Harley beneficially owns a majority of the Company's outstanding common stock, under our restated articles of incorporation, any action required or permitted to be taken at a meeting of our shareholders may be taken without a meeting by written consent of a majority of our shareholders. After Mr. Harley beneficially owns less than a majority of our outstanding stock, no action by written consent of our shareholders can be taken without a meeting.

Trading Market

We intend to apply to have shares of our common stock quoted on the OTC Markets under the symbol "[FTHM]".

Transfer Agent

The transfer agent of our common stock is . Their address is .

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. Sales of substantial amounts of our common stock in the public market following our quotation on the OTC Markets, or the perception that such sales could occur, could adversely affect the public price of our common stock and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. We will have no input if and when any Selling Shareholder may, or may not, elect to sell their shares of common stock or the prices at which any such sales may occur.

Upon the effectiveness of the registration statement of which this prospectus forms a part, based on the number of shares of our capital stock outstanding as of July 31, 2019, we will have a total of [] shares of our common stock outstanding.

Shares of our common stock will be deemed “restricted securities” (as defined in Rule 144 under the Securities Act). Restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. Following the quotation of our common stock, shares of our common stock may be sold either by the Selling Shareholders pursuant to this prospectus or by our other existing stockholders in accordance with Rule 144 of the Securities Act.

As further described below, until we have been a reporting company for at least 90 days, only non-affiliates who have beneficially owned their shares of common stock for a period of at least one year will be able to sell their shares of common stock under Rule 144, which is expected to include approximately shares of common stock immediately after our registration.

Following the completion of this registration, we intend to file a registration statement on Form S-8 under the Securities Act to register up to [] shares of common stock, in the aggregate, (i) issuable under our 2017 Stock Plan, as amended, and (ii) subject to outstanding stock options. The registration statement on Form S-8 will become effective automatically upon filing. Common stock issued upon exercise of a share option or settlement of a RSU and registered pursuant to the Form S-8 registration statement will, subject to vesting provisions and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately.

**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES
FOR NON-U.S. HOLDERS OF OUR COMMON STOCK**

The following is a general discussion of material U.S. federal income tax considerations with respect to the ownership and disposition of shares of our common stock applicable to non-U.S. holders (as defined below) who acquire such shares in this offering and hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment).

For purposes of this discussion, a “non-U.S. holder” means a beneficial owner of our common stock (other than an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes) that is not, for U.S. federal income tax purposes, any of the following:

- an individual citizen or resident of the United States;
- a corporation created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) such trust has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes.

This discussion is based on current provisions of the Code, the Treasury regulations promulgated thereunder, judicial opinions, published positions of the IRS and other applicable authorities, each as of the date hereof. All of these authorities are subject to change and differing interpretations, possibly with retroactive effect, and any such change or differing interpretation could result in U.S. federal income tax consequences different from those discussed below. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular non-U.S. holder in light of such non-U.S. holder’s individual circumstances. This discussion might not apply, in whole or in part, to particular non-U.S. holders in light of their individual circumstances or to holders subject to special treatment under the U.S. federal income tax laws (such as, for example, insurance companies, tax-exempt organizations, financial institutions, agents or dealers in securities, “controlled foreign corporations,” “passive foreign investment companies,” partnerships (or other entities or arrangements treated as partnerships) for U.S. federal income tax purposes or other “flow-through” entities or investors therein, non-U.S. holders that hold our common stock as part of a straddle, hedge, conversion transaction or other integrated investment, and certain U.S. expatriates). This discussion also does not address any considerations under U.S. federal tax laws other than those pertaining to the income tax, nor does it address any considerations under any state, local or non-U.S. tax laws. In addition, this discussion does not address any considerations with respect to the Foreign Account Tax Compliance Act of 2010 (including the Treasury regulations promulgated thereunder, any intergovernmental agreements entered in connection therewith and any laws, regulations or practices adopted in connection with any such agreement). Prospective investors should consult with their own tax advisors as to the particular tax consequences to them of the ownership and disposition of shares of our common stock, including with respect to the applicability and effect of any U.S. federal, state, local or non-U.S. income tax laws or any tax treaty, and any changes (or proposed changes) in tax laws or interpretations thereof.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Persons who are, for U.S. federal income tax purposes, treated as partners in a partnership holding our common stock should consult their tax advisor as to the particular U.S. federal income tax consequences applicable to them.

THIS DISCUSSION IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES FOR NON-U.S. HOLDERS RELATING TO THE OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK. PROSPECTIVE HOLDERS OF OUR COMMON STOCK SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK, INCLUDING WITH RESPECT TO THE APPLICABILITY AND EFFECT OF ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. INCOME AND OTHER TAX LAWS.

Dividends

In general, subject to the discussion below regarding “effectively connected” dividends, any distribution we make to a non-U.S. holder with respect to shares of our common stock that constitutes a dividend for U.S. federal income tax purposes will be subject to U.S. withholding tax at a rate of 30% of the gross amount, unless the non-U.S. holder is eligible for an exemption from, or reduced rate of, such withholding tax under an applicable tax treaty and the non-U.S. holder provides proper certification of its eligibility for such exemption or reduced rate. A distribution with respect to shares of our common stock will constitute a dividend for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Any distribution not constituting a dividend will be treated first as reducing the adjusted basis in the non-U.S. holder’s shares of our common stock and, to the extent it exceeds the adjusted basis in the non-U.S. holder’s shares of our common stock, as gain from the sale or exchange of such stock.

Dividends we pay to a non-U.S. holder that are effectively connected with the conduct of a trade or business by such non-U.S. holder within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment of such non-U.S. holder in the United States) will not be subject to U.S. withholding tax, as described above, if the non-U.S. holder complies with applicable certification and disclosure requirements. Instead, such dividends generally will be subject to U.S. federal income tax on a net income basis, in the same manner as if the non-U.S. holder were a United States person as defined under the Code. Any such “effectively connected” dividends received by a foreign corporation for U.S. federal income tax purposes may be subject to an additional branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable tax treaty).

Gain on Sale or Other Disposition of Common Stock

In general, a non-U.S. holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of the non-U.S. holder’s shares of our common stock unless:

- the gain is effectively connected with a trade or business conducted by the non-U.S. holder within the United States (and, if required by an applicable tax treaty, is attributable to a U.S. permanent establishment of such non-U.S. holder in the United States);
- the non-U.S. holder is an individual and is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met; or
- we are or have been a U.S. real property holding corporation (which we refer to as a “USRPHC”) for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of such disposition or such non-U.S. holder’s holding period of such shares of our common stock.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax, net of certain deductions, at regular U.S. federal income tax rates, generally in the same manner as if the non-U.S. holder were a United States person as defined under the Code. If the non-U.S. holder is a foreign corporation for U.S. federal income tax purposes, the branch profits tax described above also may apply to such effectively connected gain.

Gain described in the second bullet point above generally will be subject to a flat 30% tax, which gain may be offset by U.S. source capital losses, if any, of the non-U.S. holder.

We believe we are not, and do not anticipate becoming, a USRPHC for U.S. federal income tax purposes. However, no assurance can be given that we are not or will not become a USRPHC. If we were or were to become a USRPHC, however, any gain recognized on a sale or other disposition of our common stock by a non-U.S. holder that did not own (directly, indirectly or constructively) more than 5% of our common stock during the applicable period would not be subject to U.S. federal income tax, provided that our common stock is “regularly traded on an established securities market” (within the meaning of Section 897(c)(3) of the Code).

Backup Withholding, Information Reporting and Other Reporting Requirements

We must report annually to the IRS and to each non-U.S. holder the amount of dividends paid to such non-U.S. holder and the tax withheld with respect to such dividends. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable tax treaty. Copies of any such information returns may also be made available to the tax authorities in the country in which the non-U.S. holder resides or is established under the provisions of an applicable income tax treaty or agreement.

A non-U.S. holder will generally be subject to backup withholding (currently at a rate of 24%) on dividends paid with respect to such non-U.S. holder's shares of our common stock unless such holder certifies under penalties of perjury that, among other things, it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person as defined under the Code).

Information reporting and backup withholding generally is not required with respect to any proceeds from the sale or other disposition of our common stock by a non-U.S. holder outside the United States through a foreign office of a foreign broker that does not have certain specified connections to the United States. However, if a non-U.S. holder sells or otherwise disposes of its shares of our common stock through a U.S. broker or the U.S. offices of a foreign broker, the broker will generally be required to report the amount of proceeds paid to the non-U.S. holder to the IRS, and may also be required to backup withhold on such proceeds unless such non-U.S. holder certifies under penalties of perjury that, among other things, it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person as defined under the Code). Information reporting will also apply if a non-U.S. holder sells its shares of our common stock through a foreign broker with certain specified connections to the United States, unless such broker has documentary evidence in its records that such non-U.S. holder is a non-U.S. person and certain other conditions are met, or such non-U.S. holder otherwise establishes an exemption (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person as defined under the Code).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder can be credited against the non-U.S. holder's U.S. federal income tax liability, if any, or refunded, provided that the required information is furnished to the IRS in a timely manner. Non-U.S. holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them.

PLAN OF DISTRIBUTION

No public market currently exists for our common stock. We intend to apply to have our common stock quoted on the OTC Markets. This process usually takes at least 60 days and an application must be made on our behalf by a market maker. We have not yet engaged a market maker to make the application. If we are unable to obtain a market maker for our securities, we will be unable to develop a trading market for our common stock.

Once our common stock is quoted on the OTC Markets, the Selling Shareholders may sell their Shares covered hereby pursuant to ordinary brokerage transactions on the OTC Markets at prevailing market prices. We are not party to any arrangement with any Selling Shareholder or any broker-dealer with respect to sales of the Shares by the Selling Shareholders. As such, the Company will have no input if and when any Selling Shareholder may, or may not, elect to sell their Shares or the prices at which any such sales may occur and there can be no assurance that any Selling Shareholders will sell any or all of the Shares covered by this prospectus.

Trading in stocks quoted on the OTC Markets is often thin and is characterized by wide fluctuations in trading prices due to many factors that may have little to do with a company's operations or business prospects. The OTC Markets should not be confused with national stock exchanges, like the NASDAQ or the New York Stock Exchange. OTC Markets companies are subject to far less restrictions and regulations than companies whose securities are traded on a national stock exchange. Moreover, the trading of securities on the OTC Markets is often more sporadic than the trading of securities listed on premium-tier over-the-counter markets or a national stock exchange. In the absence of an active trading market investors may have difficulty buying and selling or obtaining market quotations for our common stock and its market visibility may be limited, which may have a negative effect on the market price of our common stock.

We will not receive any proceeds from the sale of Shares by the Selling Shareholders. We expect to recognize certain non-recurring costs as part of our transition to a publicly traded company, consisting of professional fees and other expenses. These fees will be expensed in the period incurred and not deducted from net proceeds to the issuer as they would be in an initial public offering.

We intend to engage a Designated Market Maker ("DMM") who will be responsible for facilitating an orderly market for the Shares. Based on information provided by the OTC Markets, the opening trading price of our common stock on the OTC Markets will be determined by buy and sell orders collected by the OTC Markets from broker-dealers. Based on such orders, the DMM will determine an opening price for our Shares.

In addition to sales made pursuant to this prospectus, the Shares covered by this prospectus may be sold by the Selling Shareholders in private transactions exempt from the registration requirements of the Securities Act.

Under the securities laws of some states, the Shares may be sold in such states only through registered or licensed agents or dealers.

If the Selling Shareholders utilize a broker-dealer in the sale of the Shares being offered by this prospectus, such broker-dealer may receive commissions in the form of discounts, concessions, or commissions from the Selling Shareholders or commissions from purchasers of the Shares for whom they may act as agent or to whom they may sell as principal (which discounts, concessions, or commissions as to particular broker-dealers may be in excess of those customary in the types of transactions involved).

LEGAL MATTERS

The validity of the shares of common stock being offered by this prospectus will be passed upon for us by Wyrick Robbins Yates & Ponton LLP, Raleigh, North Carolina.

EXPERTS

The financial statements as of December 31, 2017 and 2018 and for each of the two years in the period ended December 31, 2018 included in this Prospectus and in the Registration Statement have been so included in reliance on the reports of BDO USA, LLP, an independent registered public accounting firm, appearing elsewhere herein and in the Registration Statement, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus, which constitutes a part of the registration statement on Form S-1 that we have filed with the SEC under the Securities Act, does not contain all of the information in the registration statement and its exhibits. For further information with respect to us and the common stock offered by this prospectus, you should refer to the registration statement and the exhibits filed as part of that document. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement.

Upon the filing of this registration statement, we became subject to the reporting requirements of the Exchange Act and will file annual, quarterly and current reports, proxy statements and other information with the SEC. You will be able to read our SEC filings, including the registration statement, over the Internet at the SEC's website at <http://www.sec.gov>. We also maintain a website at <http://www.fathomrealty.com>, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our website is not part of this prospectus. You may also request a copy of these filings, at no cost, by writing or telephoning us at: 211 New Edition Court, Suite 211, Cary, North Carolina, 27511 or (888)-455-6040.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Fathom Holdings Inc.
(Formerly known as Fathom Realty Holdings, LLC)

Report of Independent Registered Public Accounting Firm	F-2
Combined and Consolidated Financial Statements	
Combined Balance Sheet as of December 31, 2017 and Consolidated Balance Sheet as of December 31, 2018	F-3
Combined Statement of Operations for the year ended December 31, 2017 and Consolidated Statement of Operations for the year ended December 31, 2018	F-4
Combined Statement of Changes in Members' and Stockholders' Equity for the year ended December 31, 2017 and Consolidated Statement of Changes in Members' and Stockholders' Equity for the year ended December 31, 2018	F-5
Combined Statement of Cash Flows for the year ended December 31, 2017 and Consolidated Statement of Cash Flows for the year ended December 31, 2018	F-6
Notes to the Combined and Consolidated Financial Statements	F-7
Condensed Consolidated Balance Sheets as of December 31, 2018 (Audited) and June 30, 2019 (Unaudited)	F-18
Unaudited Condensed Combined Statement of Operations for the Three and Six Months Ended June 30, 2018 and Unaudited Condensed Consolidated Statement of Operations for the Three and Six Months Ended June 30, 2019	F-19
Unaudited Condensed Consolidated Statement of Changes in Stockholders' Equity for the Six Months Ended June 30, 2019	F-20
Unaudited Condensed Combined Statement of Cash Flows for the Six Months Ended June 30, 2018 and Unaudited Condensed Consolidated Statement of Cash Flows for the Six Months Ended June 30, 2019	F-21
Notes to the Condensed Combined and Consolidated Financial Statements	F-22

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Fathom Holdings, Inc.
Cary, North Carolina

Opinion on the Combined and Consolidated Financial Statements

We have audited the accompanying consolidated and combined balance sheets of Fathom Holdings, Inc. (formerly known as Fathom Realty Holdings, LLC) (the “Company”) as of December 31, 2018 and 2017, respectively, the related consolidated and combined statements of operations, members’ and stockholders’ equity, and cash flows for each of the two years in the period ended December 31, 2018, and the related notes (collectively referred to as the “consolidated and combined financial statements”). In our opinion, the consolidated and combined financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated and combined financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated and combined financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated and combined financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated and combined financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated and combined financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated and combined financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2018.

November 12, 2019

**FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
COMBINED AND CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2017	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 154,438	\$ 1,008,538
Accounts receivable, net of allowance for doubtful accounts of \$26,562 and \$138,030	1,705,241	1,816,650
Due from affiliates	596,232	668,597
Prepaid and other current assets	77,787	81,915
Total current assets	2,533,698	3,575,700
Property and equipment, net	101,622	90,619
Capitalized internal use software	-	167,820
Total assets	<u>\$ 2,635,320</u>	<u>\$ 3,834,139</u>
LIABILITIES AND MEMBERS' AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,138,037	\$ 3,023,045
Due to affiliates	10,065	10,064
Loan payable - current portion	16,510	16,800
Total current liabilities	2,164,612	3,049,909
Loan payable, net of current portion	68,988	52,188
Note payable	400,000	500,000
Total liabilities	2,633,600	3,602,097
Commitments and contingencies (Note 8)		
Members' and stockholders' equity:		
Fathom Realty Holdings, LLC members' equity	(179,213)	-
Fathom Realty Group Inc. stockholders' equity		
Retained earnings	256,364	-
Total Fathom Realty Group Inc. stockholders' equity	256,364	-
Fathom Holdings, Inc. stockholders' equity		
Common stock, Series A, \$0.00 par value, 85,000,000 authorized and 85,000,000 and nil issued as of December 31, 2017 and December 31, 2018	-	-
Common stock, \$0.00 par value, 100,000,000 authorized and nil and 44,488,311 issued as of December 31, 2017 and December 31, 2018	-	-
Additional paid-in capital	-	2,287,312
Accumulated deficit	(75,431)	(2,055,270)
Total Fathom Holdings, Inc. stockholders' (deficit) equity	(75,431)	232,042
Total stockholders' equity	180,933	232,042
Total members' and stockholders' equity	1,720	232,042
Total liabilities and members' and stockholders' equity	<u>\$ 2,635,320</u>	<u>\$ 3,834,139</u>

**FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
COMBINED AND CONSOLIDATED STATEMENTS OF OPERATIONS**

	Years ended December 31,	
	2017	2018
Revenue	\$ 55,378,037	\$ 77,305,562
Cost of revenue	51,902,836	73,436,660
Gross profit	<u>3,475,201</u>	<u>3,868,902</u>
General and administrative	3,502,850	5,130,920
Marketing	315,942	255,090
Total operating expenses	<u>3,818,792</u>	<u>5,386,010</u>
Loss from operations	<u>(343,591)</u>	<u>(1,517,108)</u>
Other (expense), net		
Interest (expense), net	(76,971)	(102,123)
Other expense	-	(16,819)
Other (expense), net	<u>(76,971)</u>	<u>(118,942)</u>
Loss from operations before income taxes	<u>(420,562)</u>	<u>(1,636,050)</u>
Income tax expense	-	27,155
Net loss	<u>\$ (420,562)</u>	<u>\$ (1,663,205)</u>
Net loss per share		
Basic and Diluted		<u>\$ (0.04)</u>
Weighted average common shares outstanding		
Basic and Diluted		<u>38,955,107</u>
Pro forma Net loss per share		
Basic and Diluted	<u>\$ (0.01)</u>	
Pro forma Weighted average common shares outstanding		
Basic and Diluted	<u>32,455,711</u>	

**FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
COMBINED AND CONSOLIDATED STATEMENTS OF
CHANGES IN MEMBERS' AND STOCKHOLDERS' EQUITY**

	Fathom Realty Holdings, LLC	Fathom Realty Group, Inc.		Fathom Holdings Inc.				Total
	Members' equity (deficit)	Common Stock and capital in excess of par	Retained earnings	Series A Common Stock	Common Stock	Additional Paid in Capital	Accumulated deficit	
Balance at December 31, 2016	\$ 237,135	\$ -	\$ 185,147	-	-	\$ -	\$ -	\$ 422,282
Issuance of common stock	-	-	-	85,000,000	-	-	-	-
Net income (loss)	(416,348)	-	71,217	-	-	-	(75,431)	(420,562)
Balance at December 31, 2017	(179,213)	-	256,364	85,000,000	-	-	(75,431)	1,720
Cancellation of Series A	-	-	-	(85,000,000)	-	-	-	-
Exchange agreement Fathom Realty Group, Inc.	325,447	-	(325,447)	-	-	-	-	-
Purchase of membership units Fathom Realty Holdings, LLC	(70,000)	-	-	-	-	-	-	(70,000)
Issuance of common shares for Fathom Realty Holdings, LLC	(323,785)	-	-	-	36,197,344	323,785	-	-
Issuance of common shares for IntelliAgent, LLC (related party)	-	-	-	-	6,302,650	174	-	174
Issuance of common stock	-	-	-	-	1,710,000	1,710,000	-	1,710,000
Share based compensation	-	-	-	-	278,317	253,353	-	253,353
Net income (loss)	247,551	-	69,083	-	-	-	(1,979,839)	(1,663,205)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>44,488,311</u>	<u>\$ 2,287,312</u>	<u>\$ (2,055,270)</u>	<u>\$ 232,042</u>

**FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years ended December 31,	
	2017	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (420,562)	\$ (1,663,205)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	23,365	23,400
Bad debt expense	26,562	111,467
Share based compensation	-	253,353
Change in operating assets and liabilities:		
Accounts receivable	(617,147)	(222,877)
Due from affiliates	(7,058)	(72,191)
Prepaid and other assets	(13,833)	(4,127)
Accounts payable and accrued liabilities	680,912	885,008
Due to affiliates	(14,870)	(1)
Net cash used in operating activities	<u>(342,631)</u>	<u>(689,173)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(7,405)	(12,397)
Purchase of capitalized software	-	(167,820)
Net cash used in investing activities	<u>(7,405)</u>	<u>(180,217)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on loan payable	(16,225)	(16,510)
Proceeds from issuance of stock	-	1,710,000
Proceeds from note payable	400,000	500,000
Payments on note payable	(200,000)	(400,000)
Purchase of Fathom Realty Holdings, LLC membership interest	-	(70,000)
Net cash provided by financing activities	<u>183,775</u>	<u>1,723,490</u>
Net (decrease) increase in cash and cash equivalents	(166,261)	854,100
Cash and cash equivalents at beginning of period	320,699	154,438
Cash and cash equivalents at end of period	<u>\$ 154,438</u>	<u>\$ 1,008,538</u>
<i>Supplemental disclosure of cash and non-cash transactions:</i>		
Cash paid for interest	<u>\$ 76,971</u>	<u>\$ 102,151</u>
Income taxes paid	<u>\$ -</u>	<u>\$ 12,505</u>
Issuance of non-voting units for Fathom Realty Group Inc.	<u>\$ -</u>	<u>\$ 325,447</u>
Issuance of common stock for Fathom Realty Holdings LLC	<u>\$ -</u>	<u>\$ 323,785</u>

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of Business and Nature of Operations

Fathom Holdings, Inc. (“Fathom Holdings,” and collectively with its combined and consolidated subsidiaries and affiliates, the “Company”) is a cloud-based, technology-driven real estate brokerage company, working with agents, to help individuals purchase and sell residential properties primarily in the South, Atlantic, Southwest and Western parts of the United States. The Company has operations located in multiple states nationwide. The Company is engaged by its customers to assist with buying, selling, or leasing property. In exchange for its services, the Company is compensated by commission income earned upon closing of the sale of a property or execution of a lease. Typically, within the brokerage industry, all brokers involved in a sale are compensated based on commission rates negotiated in a listing agreement. Agents on the “buy” and “sell” sides of each transaction share the total commission identified in the listing agreement. The Company recognizes the portion of total commission — defined as total sales price multiplied by the commission rate — related to its services performed as broker for either the buyer or the seller in a transaction. In instances in which the Company represents both the buyer and the seller in a transaction, it recognizes the full commission on the transaction. The Company operates as one operating and reporting segment.

Fathom Realty Holdings, LLC, a Texas limited liability company (“Fathom Realty”), is a wholly owned subsidiary of Fathom Holdings that was formed on April 11, 2011 and is headquartered in Cary, North Carolina. Fathom Realty, previously doing business as Fathom Holdings TX, LLC, owns 100% of 18 subsidiaries, each an LLC representing the state the entity operates in (e.g. Fathom Realty NJ, LLC).

Fathom Realty Group Inc. (“Fathom Group”), is an S-Corporation formed in Texas on April 14, 2011. Fathom Group functions in a manner similar to Fathom Realty subsidiaries (i.e. representing Fathom Holdings’ business interests in California). Fathom Realty Group Inc. is a wholly-owned subsidiary of Fathom Realty Holdings LLC.

Fathom Holdings Inc., which is a North Carolina corporation, was known as Fathom Ventures, Inc. prior to filing the Amendment to the Articles of Incorporation on September 4, 2018 changing the name of the corporation and amending the number of authorized shares to 185,000,000 shares, no par value per share, all of one class designated Common Stock (85,000,000 of which were designated as Series A Common Stock and 100,000,000 of which were designated as Series B Common Stock).

Beginning in August 2018, the Company effected a corporate reorganization (the “Reorganization”), whereby the former members of our direct, wholly-owned subsidiary, Fathom Realty Holdings LLC, a Texas limited liability company, contributed all of their ownership interests in Fathom Realty Holdings LLC to Fathom Holdings Inc. in exchange for shares of the Company’s stock at a ratio of 1 to 3.169907. Prior to such contribution and exchange, the shareholders of Fathom Group, a Texas corporation, contributed all of their shares of stock in Fathom Group to Fathom Realty Holdings LLC in exchange for additional ownership interests in Fathom Realty Holdings LLC. Fathom Group is a wholly-owned subsidiary of Fathom Realty Holdings LLC.

On August 31, 2018, Fathom Holdings also issued 6,302,650 shares of Series B Common stock in exchange for all the member units of IntelliAgent LLC (“IntelliAgent”), an affiliated company. IntelliAgent develops software for the real estate industry and substantially all of the value of the business was attributable to the intellectual property acquired. Fathom Holdings’ Chief Executive Officer and President were the majority members of IntelliAgent and therefore the exchange has been accounted for as an asset acquisition under common control.

As part of the Reorganization, the Company restated its Articles of Incorporation on September 11, 2018 such that (i) each share of Series A Common Stock outstanding as of the immediately prior to the filing of the Restated Articles of Incorporation was cancelled and (ii) each two shares of Series B Common Stock outstanding as of immediately prior to the filing of the Restated Articles of Incorporation was converted and reclassified into one share of Common Stock. Pursuant to the Restated Articles of Incorporation, the Company also amended the number of authorized shares of the corporation to 100,000,000 shares, no par value, all of one class designated Common Stock. The Company refers to these steps as the “Exchange Transactions.” The Exchange Transactions did not affect the Company’s operations, which continue to be conducted through the Company’s operating subsidiaries.

Prior to and through the date of the Exchange Transactions, Fathom Holdings’ Chief Executive Officer was the majority shareholder/member in each of Fathom Realty, Fathom Group and Fathom Ventures, and therefore, the Exchange Transactions have been accounted for as acquisitions under common control and due to the similar nature of the entities business, the financial statements for the year ended December 31, 2017, and for the period January 1, 2018 through September 11, 2018 have been presented on a combined basis.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Combination/Consolidation— The Combined and Consolidated Financial Statements include the accounts of the Company’s subsidiaries for all periods, because the entities are and were under common control and management. All transactions and accounts between and among its subsidiaries have been eliminated. The combined and consolidated financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). All adjustments and disclosures necessary for a fair presentation of these consolidated and combined financial statements have been included.

Prior to the Exchange Transactions, on August 31, 2018, Fathom Realty, its subsidiaries, and Fathom Group were all under common control by Fathom’s Chief Executive Officer, and therefore, the Company is required to account for such acquisitions on a carryover basis. Under this method of accounting, our consolidated financial statements as of December 31, 2018 include the historical carryover basis in the assets and liabilities of Fathom Realty, its subsidiaries, Fathom Group and IntelliAgent, instead of reflecting the fair market value of the assets and liabilities on the acquisition date.

Certain Significant Risks and Business Uncertainties— The Company is subject to the risks and challenges associated with companies at a similar stage of development. These include dependence on key individuals, successful development and marketing of its offerings, and competition with larger companies with greater financial, technical, and marketing resources. Further, during the period required to achieve substantially higher revenue in order to become profitable, the Company may require additional funds that might not be readily available or might not be on terms that are acceptable to the Company.

Consideration of Going Concern— The Company has a history of negative cash flows from operations and operating losses, and experienced net losses of approximately \$1.6 million and \$421 thousand in the years ended December 31, 2018 and 2017. Additionally, the Company anticipates further expenditures associated with the process of expanding the business. Combined with the Company’s levels of working capital, management determined these conditions raised substantial doubt as to the Company’s ability to continue as a going concern. Management believes that its planned budget and expected ability to achieve sales volumes necessary to cover forecasted expenses alleviates the substantial doubt about our ability to continue as a going concern for a period of at least one year from the date of the issuance of the combined and consolidated financial statements.

Use of Estimates— The preparation of combined and consolidated financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to provisions for doubtful accounts, legal contingencies, income taxes, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Cash and Cash Equivalents— The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents consist primarily of money market instruments. From time to time, the Company’s cash deposits exceed federally insured limits. The Company has not experienced any losses resulting from these excess deposits.

Fair Value Measurements— Accounting Standards Codification (“ASC”) 820, *Fair Value Measurement*, (“ASC 820”) defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The methodology establishes consistency and comparability by providing a fair value hierarchy that prioritizes the inputs to valuation techniques into three broad levels, which are described below:

- Level 1 inputs are quoted market prices in active markets for identical assets or liabilities (these are observable market inputs).
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability (includes quoted market prices for similar assets or identical or similar assets in markets in which there are few transactions, prices that are not current or prices that vary substantially).
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions in pricing the asset or liability (used when little or no market data is available).

The fair value of cash and cash equivalents, accounts receivable, prepaids and other assets, and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturities. The loan and note payable are presented at their carrying value, which based on borrowing rates currently available to the Company for loans with similar terms, approximates their fair values.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Accounts Receivable – Accounts receivable are comprised of balances due from customers and the Company’s agents, net of estimated allowances for uncollectible accounts. In determining collectability, historical trends are evaluated, and specific customer issues are reviewed on a periodic basis to arrive at appropriate allowances.

Property and Equipment – Property and equipment is stated at cost, less accumulated depreciation. Maintenance and repairs are charged to expense when incurred. Additions and improvements that extend the economic useful life of the asset are capitalized and depreciated over the remaining useful lives of the assets. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any resulting gain or loss is reflected in current earnings. Depreciation is provided using the straight-line method in amounts considered to be sufficient to amortize the cost of the assets to operations over their estimated useful lives or lease terms, as follows:

<i>Asset category</i>	<i>Depreciable life</i>
Vehicles	7 years
Computers and equipment	5 years
Furniture and fixtures	7 years

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets might not be recoverable. Recoverability of assets to be held and used is measured first by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such asset were considered to be impaired, an impairment loss would be recognized when the carrying amount of the asset exceeds the fair value of the asset. To date, no such impairment has occurred.

Capitalized internal use software – Costs incurred in the preliminary stages of website and software development are expensed as incurred. Once an application has reached the development stage, direct internal and external costs relating to upgrades or enhancements that meet the capitalization criteria are capitalized in property and equipment and amortized on a straight-line basis over their estimated useful lives. Maintenance and enhancement costs (including those costs in the post-implementation stages) are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the websites (or software) that result in added functionality, in which case the costs are capitalized as well.

Capitalized software costs are amortized over the expected useful lives of those releases. Currently, capitalized software costs for internal use has a useful live estimated at three years.

Estimated useful lives of website and software development activities are reviewed annually or whenever events or changes in circumstances indicate that intangible assets may be impaired and adjusted as appropriate to reflect upcoming development activities that may include significant upgrades or enhancements to the existing functionality.

Revenue Recognition – The Company recognizes revenue under the core principle to depict the transfer of control to the Company’s customers in an amount reflecting the consideration to which the Company expects to be entitled. In order to achieve that core principle, the Company applies the following five step approach: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when a performance obligation is satisfied.

The Company’s revenue substantially consists of commissions generated from real estate brokerage services. The Company is contractually obligated to provide for the fulfillment of transfers of real estate between buyers and sellers. The Company provides these services itself and controls the services of its agents necessary to legally transfer the real estate. Correspondingly, the Company is defined as the Principal. The Company, as Principal, satisfies its obligation upon the closing of a real estate transaction. The Company has concluded that agents are not employees of the Company, rather deemed to be independent contractors. Upon satisfaction of its obligation, the Company recognizes revenue in the gross amount of consideration it is entitled to receive. The transaction price is calculated by taking the Company’s portion of the agreed upon commission rate and applying that to the property’s selling price. Commissions revenue contains a single performance obligation that is satisfied upon the closing of a real estate transaction, at which point the entire transaction price is earned. The Company’s customers remit payment for the Company’s services to the title company or attorney closing the sale of property at the time of closing. The Company receives payment upon close of property or within days of the closing of a transaction. The Company is not entitled to any commission until the performance obligation is satisfied and is not owed any commission for unsuccessful transactions, even if services have been provided.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

The Company has utilized the practical expedient in ASC 606 and elected not to capitalize contract costs for contracts with customers with durations less than one year. The Company does not have significant remaining unfulfilled performance obligations or contract balances.

Cost of Revenue – Cost of revenue consists primarily of agent commissions less transaction fees paid by our agents.

Marketing Expenses – Advertising expenses consist primarily of marketing and promotional materials. Advertising costs are expensed as they are incurred.

Leases – The Company categorizes leases at their inception as either operating or capital leases. On certain lease agreements, the Company may receive rent holidays and other incentives. The Company recognizes lease costs on a straight-line basis without regard to deferred payment terms, such as rent holidays, that defer the commencement date of required payments.

Stock-based Compensation – Stock-based compensation for employees and non-employees is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which is generally the vesting period of the respective award. Forfeitures are recognized when they occur. Fully vested restricted stock awards are measured on grant date at fair value.

Income Taxes – Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the combined financial statement and tax bases of assets and liabilities at the applicable enacted tax rates. The Company will establish a valuation allowance for deferred tax assets if it is more likely than not that these items will expire before either the Company is able to realize their benefit or that future deductibility is uncertain.

The Company believes that it is currently more likely than not that its deferred tax assets will not be realized and as such, it has recorded a full valuation allowance for these assets. The Company evaluates the likelihood of the ability to realize deferred tax assets in future periods on a quarterly basis, and when appropriate evidence indicates it would release its valuation allowance accordingly. The determination to provide a valuation allowance is dependent upon the assessment of whether it is more likely than not that sufficient taxable income will be generated to utilize the deferred tax assets. Based on the weight of the available evidence, which includes the Company's historical operating losses, lack of taxable income, and accumulated deficit, the Company provided a full valuation allowance against the U.S. tax assets resulting from the tax losses.

Loss Per Share – Basic loss per share of common stock is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted loss per share excludes, when applicable, the potential impact of unvested shares of restricted stock because their effect would be anti-dilutive due to our net loss. Since the Company had a net loss in each of the periods presented, basic and diluted net loss per common share are the same. The Company's pro forma basic net income per common share amount for the year ended December 31, 2017 has been computed based on the weighted-average number of shares of common stock outstanding as if the common shares issued as part of the exchange transaction were outstanding for that entire period.

Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new Accounting Standard Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASU 2014-09"). This guidance provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Company early adopted ASU 2014-09 and its related amendments (collectively known as "ASC 606") effective on January 1, 2017, using the modified retrospective adoption methodology, and has recognized revenue in accordance with ASC 606 for all periods presented.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

No adjustments upon adoption were recorded. Further description of the impact of this pronouncement is included in the Revenue Recognition policy noted above.

In May 2017, the FASB issued ASU 2017-09, *Compensation-Stock Compensation* (Topic 718), Scope of Modification Accounting, (“ASU 2017-09”), which provides guidance on determining which changes to the terms and conditions of share-based payment awards require an entity to apply modification accounting. ASU 2017-09 requires modification accounting if the fair value, vesting conditions, or equity or liability classification of the award is not the same immediately before and after a change to the terms and conditions of the award. The Company adopted ASU 2017-09 on a prospective basis as of December 31, 2017 and the adoption did not have a material impact upon the Company’s financial statements.

In June 2018, the FASB issued ASU 2018-07, *Compensation-Stock Compensation: Improvements to Nonemployee Share-Based Payment Accounting*, (“ASU 2018-17”), which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under ASU 2018-17, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. The changes take effect for public companies for fiscal years starting after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted, but no earlier than an entity’s adoption date of ASC 606. The Company adopted ASU 2018-07 on a prospective basis as of January 1, 2018 and the adoption did not have a material impact upon the Company’s financial statements.

Recently Issued Accounting Standards

In February 2016, the FASB established Topic 842, *Leases*, by issuing ASU No. 2016-02 (“ASU 2016-02”), which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; ASU No. 2018-11, Targeted Improvements; and ASU No. 2018-20, Narrow-Scope Improvements for Lessors. The new standard establishes a right-of-use model (“ROU”) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The Company will adopt ASU 2016-02 effective January 1, 2019 using the modified retrospective approach. In connection with the adoption, we will elect to utilize the modified retrospective presentation whereby the Company will continue to present prior period financial statements and disclosures under ASC 840. In addition, we will elect the transition package of three practical expedients permitted within the standard, which eliminates the requirements to reassess prior conclusions about lease identification, lease classification and initial direct costs. Further, we will adopt a short-term lease exception policy, permitting us to not apply the recognition requirements of this standard to short-term leases (i.e. leases with terms of 12 months or less) and an accounting policy to account for lease and non-lease components as a single component for certain classes of assets.

Adoption of the new standard is expected to result in an immaterial amount of right-of-use assets and lease liabilities related to our operating leases, recorded on our consolidated balance sheet as of January 1, 2019. The difference between the lease assets and lease liabilities, which is expected to be immaterial, will be recorded as an adjustment to retained earnings. The standard is not expected to materially affect the Company's consolidated net earnings or have any impact on cash flows.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Property and Equipment, Net

Property and equipment, net consist of the following:

	December 31,	
	2017	2018
Vehicles	\$ 119,324	\$ 119,324
Computers and equipment	34,456	45,545
Furniture and fixtures	14,984	16,292
Total property and equipment	168,764	181,161
Accumulated depreciation	(67,142)	(90,542)
Total property and equipment, net	<u>\$ 101,622</u>	<u>\$ 90,619</u>

Depreciation expense for property and equipment was \$23,365 and \$23,400 for the years ended December 31, 2017 and 2018, respectively.

Note 4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	December 31,	
	2017	2018
Accounts payable	\$ 253,485	\$ 817,814
Deferred annual fee	83,542	299,291
Accrued expenses	33,401	179,322
Accrued commissions	1,582,463	1,489,246
Accrued bonuses	60,700	143,900
Credit card liability	74,809	71,757
Other accrued liabilities	49,637	21,715
Total accounts payable and accrued liabilities	<u>\$ 2,138,037</u>	<u>\$ 3,023,045</u>

Note 5. Debt

Loan Payable

The Company obtained a loan for an automobile used by the Chief Executive Officer. The term of the loan is from July 2016 through December 2022 with an annual interest rate of 1.74%. The components of the loan payable are as follows:

	December 31,	
	2017	2018
Loan payable - Automobile loan	\$ 85,498	\$ 68,988
Less current portion	(16,510)	(16,800)
Loan payable, net of current portion	<u>\$ 68,988</u>	<u>\$ 52,188</u>

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Maturities of the loan payable obligation as of December 31, 2018 are as follows:

Year ending December 31,	Maturities of Loan Payable	
2019	\$	16,800
2020		17,095
2021		17,394
2022		17,699
	\$	68,988

Note Payable

On April 14, 2017, Fathom Realty entered into a Loan Agreement with Quail Point Corp. (the “Lender”) whereby Fathom Realty borrowed \$400,000 from the Lender. Interest is payable each month at 1.6675% (20% annually) and the was due to mature on March 1, 2037 with the principal due at that time. The Loan Agreement allowed for principal payments at any time without pre-payment penalty.

On February 6, 2018, Fathom Realty entered into a new Loan Agreement (“New Loan Agreement”) for \$500,000 with the Lender. The new agreement extinguished the original loan and established a new loan. The fair value of the New Loan Agreement equaled the carrying value. Interest is payable each month at 1.6675% (20% annually) and the note matures on March 1, 2023 with the principal due at that time. The New Loan Agreement allows for principal payments at any time without pre-payment penalty.

Note 6. Members’ and Stockholders’ Equity

Fathom Realty

Common and Preferred Units

At January 1, 2017 there were 18,461,688 Common Units (16,357,988 voting and 2,103,700 non-voting) and 2,575,855 Preferred Units outstanding. Common Units were subordinate to the Preferred Units with respect to rights upon liquidation, winding up and dissolution of Fathom Realty. Distributions in excess of the preference amount were to be distributed to holders of the Preferred Units and Common Units, pro rata according to the number of such units held.

On January 14, 2018, Fathom Realty issued 2,495,584 non-voting Common Units to Fathom Realty’s Chief Financial Officer pursuant to his exercising an option granted by Fathom Realty in 2012 in accordance with the agreement’s original terms.

On August 31, 2018, Fathom Realty issued 1,543,547 non-voting Common Units to certain members in exchange for all of the capital stock of Fathom Group.

On September 3, 2018, Fathom Realty purchased 134,865 Voting Common Units from its members for \$70,000.

On September 4, 2018, Fathom Realty exchanged all of its members’ interests, including all Common and Preferred Units, for 72,394,690 shares of Series B Common Stock of Fathom Holdings, which were subsequently converted into 36,197,344 shares of common stock at the time of the reclassification and Reverse Stock Split (as defined below).

Fathom Holdings Inc.

Common Stock

Fathom Holdings Inc. was originally authorized to issue 10,000,000 shares of common stock with no par value per share. The shares were designated as Series A common stock (“Series A Common Stock”) (8,500,000) and Series B common stock (“Series B Common Stock”) (1,500,000), respectively. The Series A Common Stock was entitled to one vote per share and the Series B Common Stock had no voting rights.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

On May 8, 2017 Fathom Holdings Inc. issued 8,500,000 (85,000,000 after the Stock Split, as defined below) shares of Series A Common Stock, with no par value.

On February 7, 2018, Fathom Holdings Inc. amended its Articles of Incorporation to increase the number of authorized shares from 10,000,000 shares of common stock to 100,000,000 shares of common stock, with authority to issue 85,000,000 shares of Series A Common Stock and 15,000,000 shares of Series B Common Stock. On February 7, 2018, Fathom Holdings Inc. also effected a stock split whereby each then-outstanding share of common stock was converted into 10 shares of common stock at a ratio of ten-for-one (the "Stock Split").

On August 31, 2018 Fathom Holdings Inc. adopted an amendment to its Articles of Incorporation to increase the number of authorized shares from 100,000,000 shares of common stock to 185,000,000 shares of common stock, with authority to issue 85,000,000 shares of Series A Common Stock and 100,000,000 shares of Series B Common Stock.

On September 11, 2018, Fathom Holdings Inc. restated its Articles of Incorporation to simultaneously (i) cancel each issued and outstanding share of Series A Common Stock, (ii) convert and reclassify the issued and outstanding shares of Series B Common Stock into shares of common stock, no par value per share, at a ratio of one-for-two ("Reverse Stock Split") and (iii) to reduce the number of authorized shares from 185,000,000 shares of common stock to 100,000,000 shares of common stock all of one class. The financial statements and related disclosures give retroactive effect to the Stock Split and the Reverse Stock Split for all periods presented.

On August 31, 2018, the Company issued 1,485,000 shares of common stock for \$1.00 a share to third parties. On October 31, 2018, the Company issued 225,000 shares of common stock for \$1.00 a share to third parties.

Note 7. Stock based compensation

The Company's 2017 Stock Plan (the "Plan") provides for granting stock options and restricted stock awards to employees, directors, contractors and consultants of the Company. A total of 15,000,000 shares of common stock is authorized to be issued pursuant to the Plan.

On February 8, 2018 and December 29, 2018, pursuant to the Plan, the Company granted 178,317 and 100,000 fully vested Restricted Stock Awards for common stock to certain employees and agents. The Company recognized \$253,353 in related stock compensation expense for the year ended December 31, 2018, which is included in general and administrative expense.

The fair value of the Company's Restricted Stock Awards was estimated to be \$0.86 at February 8, 2018. In order to determine the fair value of the Company's common stock, the Company considered, among other things, contemporaneous valuations of the Company's common stock, the Company's business, financial condition and results of operations, including related industry trends affecting its operations; the likelihood of achieving a liquidity event, such as an initial public offering, or IPO, or sale, given prevailing market conditions; the lack of marketability of the Company's common stock; the market performance of comparable publicly traded companies; and U.S. and global economic and capital market conditions.

	Shares		Weighted Average Grant Date Fair Value
Nonvested at December 31, 2017	-		N/A
Granted	278,317	\$	0.91
Vested	(278,317)	\$	(0.91)
Forfeited	-		-
Nonvested at December 31, 2018	-		-

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Commitments and Contingencies

Operating Leases

Total rent expense charged to selling, general and administrative expenses was \$174,596 and \$211,444 for the years ended December 31, 2017 and 2018, respectively. The table below shows the future minimum rental payments, exclusive of taxes, insurance and other costs, under the leases as of December 31, 2018:

<u>Year ending December 31,</u>	<u>Operating Leases</u>	
2019	\$	99,198
2020		89,604
2021		33,275
2022		21,950
2023 and thereafter		67,425
Total Minimum Lease Payments	\$	<u>311,452</u>

Legal Proceedings

From time to time the Company is involved in litigation, claims, and other proceedings arising in the ordinary course of business. Such litigation and other proceedings may include, but are not limited to, actions relating to employment law and misclassification, intellectual property, commercial or contractual claims, brokerage or real estate disputes, or other consumer protection statutes, ordinary-course brokerage disputes like the failure to disclose property defects, commission disputes, and vicarious liability based upon conduct of individuals or entities outside of the Company's control, including agents and third-party contractor agents. Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable resolutions could occur. As of December 31, 2018, there was no litigation against the Company.

Note 9. Related Party Transactions

Due from affiliates

Fathom Realty has loaned monies to other entities controlled by shareholders/members of the Company.

Due from affiliates consists of the following:

	<u>December 31,</u>	
	<u>2017</u>	<u>2018</u>
Hometown Heroes Holdings, LLC	\$ 582,408	\$ 601,729
IntelliAgent, LLC	2,514	-
On Target Transactions LLC	11,310	66,868
Total due from affiliates	<u>\$ 596,232</u>	<u>\$ 668,597</u>

Hometown Heroes Holdings, LLC ("Hometown Heroes Holdings") is a real estate portal that generates real estate leads. Hometown Heroes Holdings is fully owned by Joshua Harley, Marco Fregenal and Glenn Sampson, who are officers (Harley and Fregenal), directors and shareholders of the Company. On July 31, 2019 Hometown Heroes Holdings paid all monies due to the Company, net of amounts due by the Company (see below) to Hometown Heroes Holdings.

IntelliAgent is a software development company that is used in the real estate industry. As of December 31, 2017, IntelliAgent was wholly owned by Messrs. Harley and Fregenal, but in 2018 it became a wholly owned subsidiary of the Company (see Note 1).

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

On Target Transactions LLC (“On Target Transactions”) is a transaction management company for real estate agents. Messrs. Harley and Fregenal own a total of 60% of On Target Transactions.

Due to affiliates

Fathom Realty has outstanding monies due to related parties and other entities controlled by shareholders/members of the Company.

Due to affiliates consists of the following:

	December 31,	
	2017	2018
Hometown Heroes Holdings, LLC	10,065	10,064
Total due to affiliates	\$ 10,065	\$ 10,064

Hometown Heroes Holdings is a real estate portal that generates real estate leads. Hometown Heroes Holdings is fully owned by three shareholders of the Company.

Note 10. Income Taxes

The provision for income taxes consists of the following:

	December 31,	
	2017	2018
Current provision (benefit):		
Federal	\$ -	\$ -
State	-	27,155
Total current	-	27,155
Deferred provision (benefit):		
Federal	-	-
State	-	-
Total deferred	-	-
Income tax expense	\$ -	\$ 27,155

A reconciliation of the statutory U.S. federal rate to the Company’s effective tax rate consist of the following:

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

	Years ended December 31,			
	2017		2018	
	\$	%	\$	%
Provision for federal income taxes at statutory rates	\$ -	0%	\$ (343,571)	21%
Provision for state income taxes, net of federal benefit	-	0%	(9,699)	1%
Effect of flow-through entity	-	0%	(2,542)	0%
Change in valuation allowance	-	0%	410,754	-26%
Nondeductible expenses	-	0%	698	0%
Tax effect of entities not included in consolidated return	-	-	(25,573)	2%
Effect of state rate change	-	0%	-	0%
Other	-	0%	(2,912)	0%
Income tax expense	\$ -	0%	\$ 27,155	-2%
Effective tax rate			-1.66%	

The tax effects of the temporary differences and carryforwards that give rise to the deferred tax assets consist of the following:

	December 31,	
	2017	2018
Deferred tax assets		
Net operating loss carryforward	\$ 1,354	\$ 484,058
Property and equipment	-	1,576
Intangibles	-	930
Interest expense carryforward	-	8,374
Charitable contributions carryover	35	322
Other accrued liabilities	-	-
Total deferred tax assets	1,389	495,260
Deferred tax liabilities		
Investment in partnership	(1,622)	-
Internally developed software	-	(38,186)
Prepaid expenses	-	(7,301)
Total deferred tax liabilities	(1,622)	(45,487)
Valuation allowance	233	449,773
Deferred tax asset, net	\$ -	\$ -

On December 22, 2017, HR1, also known as the Tax Cuts and Jobs Act, was signed into law. Among other items, HR1 reduced the federal corporate tax rate to 21% from the existing maximum rate of 35%, effective January 1, 2018. While the effective rate did not impact the current federal tax expense until 2018, effect of the change to 21% was recognized on deferred tax assets as of December 31, 2017.

As of December 31, 2018, the Company had federal and state net operating loss carryforwards of \$2,135,093 and \$941,411, respectively. Losses will begin to expire, if not utilized, by 2032. Utilization of the net operating loss carryforwards may be subject to an annual limitation according to Section 382 of the Internal Revenue Code of 1986 as amended, and similar provisions.

The Company applies the standards on uncertainty in income taxes contained in Accounting Standards Codification Topic 740, Accounting for Income Taxes. The adoption of this interpretation did not have any impact on the Company's consolidated financial statements, as the Company did not have any significant unrecognized tax benefits during the year ended December 31, 2018. Currently, the statute of limitations remains open subsequent to and including the year ended December 31, 2016.

Note 11. Subsequent Events

On January 2, 2019, pursuant to the Company's 2017 Stock Plan, the Company granted 910,092 fully vested Restricted Stock Awards for common stock to certain employees and agents. During June 2019, pursuant to the Company's 2017 Stock Plan, the Company granted 633,217 fully vested Restricted Stock Awards for common stock to certain employees and agents.

During March 2019, the Company sold, in aggregate, 576,000 shares of common stock for \$1.00 a share to third parties.

On April 16, 2019, the Board granted stock option awards to the Independent Directors to acquire 130,000 shares of common stock with an exercise price of \$1.00 per share. The exercise price of these stock option awards was established at the fair value of the Company's common stock which was determined based on sales of common stock to third parties that occurred during the quarter ended June 30, 2019. The stock options will vest on the earlier of (a) one year from the date of grant and (b) the next (i.e. 2020) annual stockholder meeting, subject to the director's continued service on the Board.

**FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>December 31, 2018</u>	<u>June 30, 2019</u> (Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,008,538	\$ 979,068
Accounts receivable, net of allowance for doubtful accounts of \$138,030 and \$219,724	1,816,650	1,338,385
Due from affiliates	668,597	479,976
Prepaid and other current assets	81,915	71,274
Total current assets	3,575,700	2,868,703
Property and equipment, net	90,619	89,609
Capitalized software	167,820	292,934
Lease right of use assets	-	219,140
Total assets	\$ 3,834,139	\$ 3,470,386
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,023,045	\$ 2,824,454
Due to affiliates	10,064	10,065
Loan payable - current portion	16,800	16,947
Lease liability - current portion	-	80,104
Total current liabilities	3,049,909	2,931,570
Loan payable, net of current portion	52,188	43,677
Note payable	500,000	500,000
Lease liability, net of current portion	-	139,974
Total liabilities	3,602,097	3,615,221
Commitments and contingencies		
Stockholders' Equity:		
Common stock, \$0.00 par value, 100,000,000 authorized and 44,488,311 and 46,607,620 issued as of December 31, 2018 and June 30, 2019	-	-
Additional paid-in capital	2,287,312	4,418,436
Accumulated deficit	(2,055,270)	(4,563,271)
Total stockholders' equity	232,042	(144,835)
Total liabilities and stockholders' equity	\$ 3,834,139	\$ 3,470,386

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
CONDENSED COMBINED AND CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Revenue	\$ 23,134,041	\$ 27,778,270	\$ 36,244,979	\$ 45,927,039
Cost of revenue	<u>22,075,604</u>	<u>26,013,137</u>	<u>33,723,461</u>	<u>42,879,197</u>
Gross profit	<u>1,058,437</u>	<u>1,765,133</u>	<u>2,521,518</u>	<u>3,047,842</u>
General and administrative	913,996	2,745,861	2,138,937	5,371,326
Marketing	77,067	46,186	197,004	103,949
Total operating expenses	<u>991,063</u>	<u>2,792,047</u>	<u>2,335,941</u>	<u>5,475,275</u>
Income (Loss) from operations	<u>67,374</u>	<u>(1,026,914)</u>	<u>185,577</u>	<u>(2,427,433)</u>
Other (expense), net				
Interest (expense), net	(29,210)	(26,991)	(54,753)	(54,431)
Other expense	(79,500)	(853)	(187,000)	(34,117)
Other (expense), net	<u>(108,710)</u>	<u>(27,844)</u>	<u>(241,753)</u>	<u>(88,548)</u>
Loss from operations before income taxes	<u>(41,336)</u>	<u>(1,054,758)</u>	<u>(56,176)</u>	<u>(2,515,981)</u>
Income tax benefit	<u>-</u>	<u>(12,000)</u>	<u>-</u>	<u>(7,980)</u>
Net loss	<u>\$ (41,336)</u>	<u>\$ (1,042,758)</u>	<u>\$ (56,176)</u>	<u>\$ (2,508,001)</u>
Net loss per share				
Basic and Diluted		<u>\$ (0.02)</u>		<u>\$ (0.05)</u>
Weighted average common shares outstanding				
Basic and Diluted		<u>46,096,044</u>		<u>45,805,669</u>
Pro forma Net loss per share				
Basic and Diluted	<u>\$ (0.00)</u>		<u>\$ (0.00)</u>	
Pro forma Weighted average common shares outstanding				
Basic and Diluted	<u>36,589,412</u>		<u>36,267,887</u>	

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	<u>Common Stock</u>		<u>Additional Paid in Capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Par Value</u>			
Balance at December 31, 2018	44,488,311	\$ -	\$ 2,287,312	\$ (2,055,270)	\$ 232,042
Sale of common stock	576,000	-	576,000	-	576,000
Share based compensation	1,543,309	-	1,555,124	-	1,555,124
Net loss	-	-	-	(2,508,001)	(2,508,001)
Balance at June 30, 2019 (Unaudited)	<u>46,607,620</u>	<u>\$ -</u>	<u>\$ 4,418,436</u>	<u>\$ (4,563,271)</u>	<u>\$ (144,835)</u>

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
CONDENSED COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended June 30,	
	2018	2019
	(Combined)	(Consolidated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (56,176)	\$ (2,508,001)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	11,595	12,147
Bad debt expense	114,712	81,694
Share based compensation	153,352	1,555,124
Change in operating assets and liabilities:		
Accounts receivable	954,137	396,571
Due from affiliates	(56,994)	188,621
Prepaid and other assets	12,816	10,641
Accounts payable and accrued liabilities	(1,167,737)	(198,592)
Operating lease right of use assets and liabilities	-	939
Due to affiliates	-	1
Net cash used in operating activities	<u>(34,295)</u>	<u>(460,855)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(2,618)	(11,137)
Purchase of capitalized software	(52,500)	(125,114)
Net cash used in investing activities	<u>(55,118)</u>	<u>(136,251)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on loan payable	(8,220)	(8,364)
Proceeds from issuance of common stock	-	576,000
Proceeds from note payable	500,000	-
Payments on note payable	(400,000)	-
Net cash provided by financing activities	<u>91,780</u>	<u>567,636</u>
Net increase in cash and cash equivalents	2,367	(29,470)
Cash and cash equivalents at beginning of period	154,438	1,008,538
Cash and cash equivalents at end of period	<u>\$ 156,805</u>	<u>\$ 979,068</u>
<i>Supplemental disclosure of cash and non-cash transactions:</i>		
Cash paid for interest	<u>\$ 54,753</u>	<u>\$ 54,500</u>
Income taxes paid	<u>\$ -</u>	<u>\$ 1,250</u>

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of Business and Nature of Operations

Fathom Holdings, Inc. (“Fathom Holdings,” and collectively with its combined and consolidated subsidiaries and affiliates, the “Company”) is a cloud-based, technology-driven real estate brokerage company, working with agents, to help individuals purchase and sell residential properties primarily in the South, Atlantic, Southwest and Western parts of the United States. The Company has operations located in multiple states nationwide. The Company is engaged by its customers to assist with buying, selling, or leasing property. In exchange for its services, the Company is compensated by commission income earned upon closing of the sale of a property or execution of a lease. Typically, within the brokerage industry, all brokers involved in a sale are compensated based on commission rates negotiated in a listing agreement. Agents on the “buy” and “sell” sides of each transaction share the total commission identified in the listing agreement. The Company recognizes the portion of total commission- defined as total sales price multiplied by the commission rate- related to its services performed as broker for either the buyer or the seller in a transaction. In instances in which the Company represents both the buyer and the seller in a transaction, it recognizes the full commission on the transaction. The Company operates as one operating and reporting segment.

Fathom Realty Holdings, LLC, a Texas limited liability company (“Fathom Realty”), is a wholly owned subsidiary of Fathom Holdings that was formed on April 11, 2011 and is headquartered in Cary, North Carolina. Fathom Realty, previously doing business as Fathom Holdings TX, LLC, owns 100% of 18 subsidiaries, each an LLC representing the state the entity operates in (e.g. Fathom Realty NJ, LLC).

Fathom Realty Group Inc. (“Fathom Group”), is an S-Corporation formed in Texas on April 14, 2011. Fathom Group functions in a manner similar to Fathom Realty subsidiaries (i.e. representing Fathom Holdings’ business interests in California). Fathom Realty Group Inc. is a wholly-owned subsidiary of Fathom Realty Holdings LLC.

Fathom Holdings Inc., which is a North Carolina corporation, was known as Fathom Ventures, Inc. prior to filing the Amendment to the Articles of Incorporation on September 4, 2018 changing the name of the corporation and amending the number of authorized shares to 185,000,000 shares, no par value per share, all of one class designated Common Stock (85,000,000 of which were designated as Series A Common Stock and 100,000,000 of which were designated as Series B Common Stock).

Beginning in August 2018, the Company effected a corporate reorganization (the “Reorganization”), whereby the former members of our direct, wholly-owned subsidiary, Fathom Realty Holdings LLC, a Texas limited liability company, contributed all of their ownership interests in Fathom Realty Holdings LLC to Fathom Holdings Inc. in exchange for shares of the Company’s stock at a ratio of 1 to 3.169907. Prior to such contribution and exchange, the shareholders of Fathom Group, a Texas corporation, contributed all of their shares of stock in Fathom Group to Fathom Realty Holdings LLC in exchange for additional ownership interests in Fathom Realty Holdings LLC. Fathom Group is a wholly-owned subsidiary of Fathom Realty Holdings LLC.

As part of the Reorganization, the Company restated its Articles of Incorporation on September 11, 2018 such that (i) each share of Series A Common Stock outstanding as of the immediately prior to the filing of the Restated Articles of Incorporation was cancelled and (ii) each two shares of Series B Common Stock outstanding as of immediately prior to the filing of the Restated Articles of Incorporation was converted and reclassified into one share of Common Stock. Pursuant to the Restated Articles of Incorporation, the Company also amended the number of authorized shares of the corporation to 100,000,000 shares, no par value, all of one class designated Common Stock. The Company refers to these steps as the “Exchange Transactions.” The Exchange Transactions did not affect the Company’s operations, which continue to be conducted through the Company’s operating subsidiaries.

Prior to and through the date of the Exchange Transactions, Fathom Holdings’ Chief Executive Officer was the majority shareholder/member in each of Fathom Realty, Fathom Group and Fathom Ventures, and therefore, the Exchange Transactions have been accounted for as acquisitions under common control and due to the similar nature of the entities business, the financial statements for the three months and six months ended June 30, 2018 have been presented on a combined basis.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Combination/Consolidation – The accompanying unaudited interim condensed combined and consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) as determined by Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results for the periods presented. They may not include all of the information and footnotes required by GAAP for complete financial statements. Therefore, these financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto for the year ended December 31, 2018. The results of operations for any interim periods are not necessarily indicative of the results that may be expected for the entire fiscal year or any other interim period.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements include the accounts of Fathom Holdings' wholly owned subsidiaries. All transactions and accounts between and among its subsidiaries have been eliminated. All adjustments and disclosures necessary for a fair presentation of these consolidated and combined financial statements have been included.

Prior to the Exchange Transactions, on August 31, 2018, Fathom Realty, its subsidiaries, and Fathom Group were all under common control by Fathom's Chief Executive Officer, and therefore, the Company is required to account for such acquisitions on a carryover basis. Under this method of accounting, our consolidated financial statements include the historical carryover basis in the assets and liabilities of Fathom Realty, its subsidiaries, Fathom Group and IntelliAgent, instead of reflecting the fair market value of the assets and liabilities on the acquisition date.

Certain Significant Risks and Business Uncertainties – The Company is subject to the risks and challenges associated with companies at a similar stage of development. These include dependence on key individuals, successful development and marketing of its offerings, and competition with larger companies with greater financial, technical, and marketing resources. Further, during the period required to achieve substantially higher revenue in order to become profitable, the Company may require additional funds that might not be readily available or might not be on terms that are acceptable to the Company.

Consideration of Going Concern – The Company has a history of negative cash flows from operations and operating losses, and experienced net losses of approximately \$1.6 million and \$421 thousand in the years ended December 31, 2018 and 2017. Additionally, the Company anticipates further expenditures associated with the process of expanding the business. Combined with the Company's negative working capital, management determined these conditions raised substantial doubt as to the Company's ability to continue as a going concern. Management believes that its planned budget and expected ability to achieve sales volumes necessary to cover forecasted expenses alleviates the substantial doubt about our ability to continue as a going concern for a period of at least one year from the date of the issuance of the combined and consolidated financial statements.

Use of Estimates – The preparation of combined and consolidated financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to provisions for doubtful accounts, legal contingencies, income taxes, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

Cash and Cash Equivalents – The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents consist primarily of money market instruments. From time to time, the Company's cash deposits exceed federally insured limits. The Company has not experienced any losses resulting from these excess deposits.

Fair Value Measurements – Accounting Standards Codification ("ASC") 820, Fair Value Measurement, ("ASC 820") defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The methodology establishes consistency and comparability by providing a fair value hierarchy that prioritizes the inputs to valuation techniques into three broad levels, which are described below:

- Level 1 inputs are quoted market prices in active markets for identical assets or liabilities (these are observable market inputs).
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability (includes quoted market prices for similar assets or identical or similar assets in markets in which there are few transactions, prices that are not current or prices that vary substantially).
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions in pricing the asset or liability (used when little or no market data is available).

The fair value of cash and cash equivalents, accounts receivable, prepaids and other assets, and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturities. The loan and note payable are presented at their carrying value, which based on borrowing rates currently available to the Company for loans with similar terms, approximates their fair values.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Accounts Receivable – Accounts receivable are comprised of balances due from customers and the Company’s agents, net of estimated allowances for uncollectible accounts. In determining collectability, historical trends are evaluated, and specific customer issues are reviewed on a periodic basis to arrive at appropriate allowances.

Property and Equipment – Property and equipment is stated at cost, less accumulated depreciation. Maintenance and repairs are charged to expense when incurred. Additions and improvements that extend the economic useful life of the asset are capitalized and depreciated over the remaining useful lives of the assets. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any resulting gain or loss is reflected in current earnings. Depreciation is provided using the straight-line method in amounts considered to be sufficient to amortize the cost of the assets to operations over their estimated useful lives or lease terms, as follows:

<i>Asset category</i>	<i>Depreciable life</i>
Vehicles	7 years
Computers and equipment	5 years
Furniture and fixtures	7 years

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets might not be recoverable. Recoverability of assets to be held and used is measured first by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets were considered to be impaired, an impairment loss would be recognized when the carrying amount of the asset exceeds the fair value of the asset. To date, no such impairment has occurred.

Capitalized internal use software – Costs incurred in the preliminary stages of website and software development are expensed as incurred. Once an application has reached the development stage, direct internal and external costs relating to upgrades or enhancements that meet the capitalization criteria are capitalized in property and equipment and amortized on a straight-line basis over their estimated useful lives. Maintenance and enhancement costs (including those costs in the post-implementation stages) are typically expensed as incurred, unless such costs relate to substantial upgrades and enhancements to the websites (or software) that result in added functionality, in which case the costs are capitalized as well.

Capitalized software costs are amortized over the expected useful lives of those releases. Currently, capitalized software costs for internal use has a useful life estimated at three years.

Estimated useful lives of website and software development activities are reviewed annually or whenever events or changes in circumstances indicate that intangible assets may be impaired and adjusted as appropriate to reflect upcoming development activities that may include significant upgrades or enhancements to the existing functionality.

Revenue Recognition – The Company recognizes revenue under the core principle to depict the transfer of control to the Company’s customers in an amount reflecting the consideration to which the Company expects to be entitled. In order to achieve that core principle, the Company applies the following five step approach: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when a performance obligation is satisfied.

The Company’s revenue substantially consists of commissions generated from real estate brokerage services. The Company is contractually obligated to provide for the fulfillment of transfers of real estate between buyers and sellers. The Company provides these services itself and controls the services of its agents necessary to legally transfer the real estate. Correspondingly, the Company is defined as the Principal. The Company, as Principal, satisfies its obligation upon the closing of a real estate transaction. The Company has concluded that agents are not employees of the Company, rather deemed to be independent contractors. Upon satisfaction of its obligation, the Company recognizes revenue in the gross amount of consideration it is entitled to receive. The transaction price is calculated by taking the Company’s portion of the agreed upon commission rate and applying that to the property’s selling price. Commissions revenue contains a single performance obligation that is satisfied upon the closing of a real estate transaction, at which point the entire transaction price is earned. The Company’s customers remit payment for the Company’s services to the title company or attorney closing the sale of property at the time of closing. The Company receives payment upon close of property or within days of the closing of a transaction. The Company is not entitled to any commission until the performance obligation is satisfied and is not owed any commission for unsuccessful transactions, even if services have been provided.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

The Company has utilized the practical expedient in ASC 606 and elected not to capitalize contract costs for contracts with customers with durations less than one year. The Company does not have significant remaining unfulfilled performance obligations or contract balances.

Cost of Revenue – Cost of revenue consists primarily of agent commissions less transaction fees paid by our agents.

Marketing Expenses – Advertising expenses consist primarily of marketing and promotional materials. Advertising costs are expensed as they are incurred.

Leases – The Company categorizes leases at their inception as either operating or finance leases based on the criteria in ASC 842, Leases. The Company adopted ASC 842 on January 1, 2019, using the modified retrospective approach, and has established a Right-of-Use (“ROU”) Asset and a current and non-current Lease Liability for each lease arrangement identified. The lease liability is recorded at the present value of the lease payments not yet paid discounted using the discount rate for the lease established at the commencement date, and the ROU asset is measured as the lease liability plus any initial direct costs, less any lease incentives received before commencement. The Company recognizes a single lease cost, so that the remaining cost of the lease is allocated over the remaining lease term on a straight-line basis.

Stock-based Compensation – Stock-based compensation for employees and non-employees is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which is generally the vesting period of the respective award. Forfeitures are recognized when they occur. Fully vested restricted stock awards are measured on grant date at fair value.

Income Taxes – Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the combined financial statement and tax bases of assets and liabilities at the applicable enacted tax rates. The Company will establish a valuation allowance for deferred tax assets if it is more likely than not that these items will expire before either the Company is able to realize their benefit or that future deductibility is uncertain.

The Company believes that it is currently more likely than not that its deferred tax assets will not be realized and as such, it has recorded a full valuation allowance for these assets. The Company evaluates the likelihood of the ability to realize deferred tax assets in future periods on a quarterly basis, and when appropriate evidence indicates it would release its valuation allowance accordingly. The determination to provide a valuation allowance is dependent upon the assessment of whether it is more likely than not that sufficient taxable income will be generated to utilize the deferred tax assets. Based on the weight of the available evidence, which includes the Company’s historical operating losses, lack of taxable income, and accumulated deficit, the Company provided a full valuation allowance against the U.S. tax assets resulting from the tax losses.

Loss Per Share – Basic loss per share of common stock is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted loss per share excludes, when applicable, the potential impact of unvested shares of restricted stock because their effect would be anti-dilutive due to our net loss. Since the Company had a net loss in each of the periods presented, basic and diluted net loss per common share are the same. The Company’s pro forma basic net income per common share amount for the six months ended June 30, 2019 has been computed based on the weighted-average number of shares of common stock outstanding as if the common shares issued as part of the exchange transaction were outstanding for that entire period.

Recently Adopted Accounting Standards

In February 2016, the FASB established Topic 842, Leases, by issuing ASU No. 2016-02 (“ASU 2016-02”), which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (“ROU”) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

The Company adopted ASU 2016-02 effective January 1, 2019 using the modified retrospective approach and elected the Comparatives Under 840 Option whereby the Company will continue to present prior period financial statements and disclosures under ASC 840. In addition, the Company elected the transition package of three practical expedients permitted within the standard, among other practical expedients which allowed the Company to carry forward prior conclusions about lease identification and classification.

Adoption of the new standard resulted in the balance sheet recognition of additional assets and lease liabilities of approximately \$219,000; however, the adoption of the standard did not have a material impact on the Company's beginning retained earnings, results from operations or cash flows. For additional information regarding the Company's lease arrangements, see Note 8 in the notes to the condensed consolidated financial statements.

Note 3. Property and Equipment, Net

Property and equipment, net consist of the following:

	December 31, 2018	June 30, 2019 (Unaudited)
Vehicles	\$ 119,324	\$ 119,324
Computers and equipment	45,545	48,369
Furniture and fixtures	16,292	24,605
Total property and equipment	181,161	192,298
Accumulated depreciation	(90,542)	(102,689)
Total property and equipment, net	<u>\$ 90,619</u>	<u>\$ 89,609</u>

Depreciation expense for property and equipment was \$11,595 and \$12,147 for the six months ended June 30, 2018 and June 30, 2019, respectively, and \$5,778 and \$6,125 for the three months ended June 30, 2018 and 2019, respectively.

Note 4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	December 31, 2018	June 30, 2019 (Unaudited)
Accounts payable	\$ 817,814	\$ 1,104,074
Deferred annual fee	299,291	831,664
Accrued expenses	179,322	468,783
Accrued commissions	1,489,246	331,577
Credit card liability	71,757	65,584
Other accrued liabilities	21,715	14,972
Accrued bonuses	143,900	7,800
Total accounts payable and accrued liabilities	<u>\$ 3,023,045</u>	<u>\$ 2,824,454</u>

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Debt

Loan Payable

The Company obtained a loan for an automobile used by the Chief Executive Officer. The term of the loan is from July 2016 through December 2022 with an annual interest rate of 1.74%. The components of the loan payable are as follows:

	December 31, 2018	June 30, 2019 (Unaudited)
Loan payable - Automobile loan	\$ 68,988	\$ 60,624
Less current portion	(16,800)	(16,947)
Loan payable, net of current portion	<u>\$ 52,188</u>	<u>\$ 43,677</u>

Note Payable

On April 14, 2017, Fathom Realty entered into a Loan Agreement with Quail Point Corp. (the "Lender") whereby Fathom Realty borrowed \$400,000 from the Lender. Interest is payable each month at 1.6675% (20% annually) and the note was due to mature on March 1, 2037 with the principal due at that time. The Loan Agreement allowed for principal payments at any time without pre-payment penalty.

On February 6, 2018, Fathom Realty entered into a new Loan Agreement ("New Loan Agreement") for \$500,000 with the Lender. The new agreement extinguished the original loan and established a new loan. The fair value of the New Loan Agreement equaled the carrying value. Interest is payable each month at 1.6675% (20% annually) and the note matures on March 1, 2023 with the principal due at that time. The New Loan Agreement allows for principal payments at any time without pre-payment penalty.

Note 6. Stockholders' Equity

Common Stock

During the six months ended June 30, 2019, the Company sold, in aggregate, 576,000 shares of common stock for \$1.00 a share to third parties.

Note 7. Stock Based Compensation

The Company measures employee stock-based awards at grant-date fair value and recognizes employee compensation expense on a straight-line basis over the vesting period of the award. Grants to non-employees are expensed at the earlier of (i) the date at which a commitment for performance by the counterparty to earn the equity instrument is reached and (ii) the date at which the counterparty's performance is complete.

Determining the appropriate fair value of stock-based awards requires the input of subjective assumptions, including the fair value of the Company's common stock, and for stock options, the expected life of the option, and expected stock price volatility. The Company uses the Black-Scholes option pricing model to value its stock option awards. The assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different assumptions, stock-based compensation expense could be materially different for future awards.

**FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS**

Restricted Stock Awards

The Company's 2017 Stock Plan (the "Plan") provides for granting stock options and restricted stock awards to employees, directors, contractors and consultants of the Company. A total of 15,000,000 shares of common stock is authorized to be issued pursuant to the Plan.

On January 2, 2019, pursuant to the Plan, the Company granted 910,092 fully vested Restricted Stock Awards for common stock to certain employees and agents. During June 2019, pursuant to the Plan, the Company granted 633,217 fully vested Restricted Stock Awards for common stock to certain employees and agents. The Company recognized \$1,543,309 in stock compensation expense for Restricted Stock Awards for the six months ended June 30, 2019 which is included in general and administrative expense. The fair value of the Company's Restricted Stock Awards was determined to be \$1.00 based on the Company's recent sales of common stock to third parties.

On February 8, 2018, pursuant to the Plan, the Company granted 178,317 fully vested Restricted Stock Awards for common stock to certain employees and agents. The Company recognized \$153,352 in related stock compensation expense for the six months ended June 30, 2018, which is included in general and administrative expense. The fair value of the Company's Restricted Stock Awards was estimated to be \$0.86 at February 8, 2018. In order to determine the fair value of the Company's common stock, the Company considered, among other things, contemporaneous valuations of the Company's common stock, the Company's business, financial condition and results of operations, including related industry trends affecting its operations; the likelihood of achieving a liquidity event, such as an initial public offering, or IPO, or sale, given prevailing market conditions; the lack of marketability of the Company's common stock; the market performance of comparable publicly traded companies; and U.S. and global economic and capital market conditions.

	Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2018	-	-
Granted	910,092	\$ 1.00
Vested	(910,092)	\$ (1.00)
Forfeited	-	-
Nonvested at March 31, 2019	-	-
Granted	633,217	\$ 1.00
Vested	(633,217)	\$ (1.00)
Forfeited	-	-
Nonvested at June 30, 2019	-	-

Stock Option Awards

On April 16, 2019, the Board granted stock option awards to the Independent Directors to acquire 130,000 shares of common stock with an exercise price of \$1.00 per share. The exercise price of these stock option awards was established at the fair value of the Company's common stock which was determined based on sales of common stock to third parties that occurred during the quarter ended June 30, 2019. The stock options will vest on the earlier of (a) one year from the date of grant and (b) the next (i.e. 2020) annual stockholder meeting, subject to the director's continued service on the Board.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

During the quarter ended June 30, 2019 the Company recognized \$11,815 of share-based compensation expense in general and administrative expense. The options were valued at the grant date fair value of \$0.44 using a Black Scholes option pricing model. At June 30, 2019, the total unrecognized compensation related to unvested stock option awards granted was \$45,685, which the Company expects to recognize over a period of approximately 0.75 years. The following significant assumptions were used in the option pricing model:

Annual dividend yield	-
Expected life (years)	5.5
Risk-free interest rate	2.43%
Expected volatility	45.0%

Note 8. Leases

Operating Leases

The Company has operating leases primarily consisting of office space with remaining lease terms of 1 to 7 years, subject to certain renewal options as applicable.

Leases with an initial term of twelve months or less are not recorded on the balance sheet, and the Company does not separate lease and non-lease components of contracts. There are no material residual guarantees associated with any of the Company's leases, and there are no significant restrictions or covenants included in the Company's lease agreements. Certain leases include variable payments related to common area maintenance and property taxes, which are billed by the landlord, as is customary with these types of charges for office space.

Our lease agreements generally do not provide an implicit borrowing rate. Therefore, the Company used a benchmark approach to derive an appropriate imputed discount rate. The Company benchmarked itself against other companies of similar credit ratings and comparable quality and derived an imputed rate, which was used in a portfolio approach to discount its real estate lease liabilities. We used the incremental borrowing rate of 8% on December 31, 2018 for all leases that commenced prior to that date.

There was no sublease rental income for the six months ended June 30, 2019, the Company is not the lessor in any lease arrangement, and no related party transactions for lease arrangements have occurred.

Lease Costs

The table below presents certain information related to the lease costs for the Company's operating leases for the six months ended June 30, 2019:

Components of total lease cost:	Six months ended June 30, 2019	
	(Unaudited)	
Operating lease expense	\$	27,228
Short-term lease expense		14,595
Total lease cost	\$	41,823

Lease Position as of June 30, 2019

Right of use lease assets and lease liabilities for our operating leases were recorded in the condensed consolidated balance sheet as follows:

Assets	As of June 30, 2019	
	(Unaudited)	
Other assets	\$	219,140
Total lease assets	\$	219,140

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2019
(Unaudited)

Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 80,104
Noncurrent liabilities:	
Other long-term liabilities	139,974
Total lease liability	<u>\$ 220,078</u>

Lease Terms and Discount Rate

The table below presents certain information related to the weighted average remaining lease term and the weighted average discount rate for the Company's operating leases as of June 30, 2019:

Weighted average remaining lease term (in years) - operating leases	4.03
Weighted average discount rate - operating leases	8%

Cash Flows

The table below presents certain information related to the cash flows for the Company's operating leases for the six months ended June 30, 2019:

	Six months ended June 30, 2019
	(Unaudited)
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$ 939
Supplemental non-cash amounts of lease liabilities arising from obtaining right of use assets	\$ 261,814

Undiscounted Cash Flows

Future lease payments included in the measurement of lease liabilities on the condensed consolidated balance sheet as of June 30, 2019, for the following five fiscal years and thereafter were as follows:

Year ending December 31,	Operating Leases
Remaining 2019	\$ 47,679
2020	89,604
2021	33,275
2022	21,950
2023 and thereafter	67,425
Total Minimum Lease Payments	<u>\$ 259,933</u>
Less effects of discounting	<u>(39,855)</u>
Present value of future minimum lease payments	<u>\$ 220,078</u>

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Related Party Transactions

Due from affiliates

Fathom Realty has loaned monies to other entities controlled by shareholders/members of the Company.

Due from affiliates consists of the following:

	December 31, 2018	June 30, 2019 (Unaudited)
Hometown Heroes Holdings, LLC	\$ 601,729	\$ 386,408
On Target Transactions LLC	66,868	93,568
Total due from affiliates	<u>\$ 668,597</u>	<u>\$ 479,976</u>

Hometown Heroes Holdings, LLC (“Hometown Heroes Holdings”) is a real estate portal that generates real estate leads. Hometown Heroes Holdings is fully owned by Joshua Harley, Marco Fregenal and Glenn Sampson, who are officers (Harley and Fregenal), directors and shareholders of the Company.

On Target Transactions LLC (“On Target Transactions”) is a transaction management company for real estate agents. Messrs. Harley and Fregenal own a total of 60% of On Target Transactions.

Due to affiliates

Fathom Realty has outstanding monies due to related parties and other entities controlled by shareholders/members of the Company.

Due to affiliates consists of the following:

	December 31, 2018	June 30, 2019 (Unaudited)
Hometown Heroes Holdings, LLC	\$ 10,064	\$ 10,065
Total due to affiliates	<u>\$ 10,064</u>	<u>\$ 10,065</u>

Hometown Heroes Holdings is a real estate portal that generates real estate leads. Hometown Heroes Holdings is fully owned by three shareholders of the Company.

Note 10. Income Taxes

On December 22, 2017, HR1, also known as the Tax Cuts and Jobs Act, was signed into law. Among other items, HR1 reduced the federal corporate tax rate to 21% from the existing maximum rate of 35%, effective January 1, 2018. While the effective rate did not impact the current federal tax expense until 2018, effect of the change to 21% was recognized on deferred tax assets as of December 31, 2017.

As of June 30, 2019 and December 31, 2018, the Company had federal net operating loss carryforwards of \$4,665,419 and \$2,135,093 and state net operating loss carryforwards of \$2,156,177 and \$941,411, respectively. Losses will begin to expire, if not utilized, by 2032. Utilization of the net operating loss carryforwards may be subject to an annual limitation according to Section 382 of the Internal Revenue Code of 1986 as amended, and similar provisions.

The Company applies the standards on uncertainty in income taxes contained in Accounting Standards Codification Topic 740, Accounting for Income Taxes. The adoption of this interpretation did not have any impact on the Company's consolidated financial statements, as the Company did not have any significant unrecognized tax benefits during the year ended December 31, 2018. Currently, the statute of limitations remains open subsequent to and including the year ended December 31, 2016.

FATHOM HOLDINGS INC.
FORMERLY KNOWN AS FATHOM REALTY HOLDINGS, LLC
NOTES TO CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Legal Proceedings

From time to time the Company is involved in litigation, claims, and other proceedings arising in the ordinary course of business. Such litigation and other proceedings may include, but are not limited to, actions relating to employment law and misclassification, intellectual property, commercial or contractual claims, brokerage or real estate disputes, or other consumer protection statutes, ordinary-course brokerage disputes like the failure to disclose property defects, commission disputes, and vicarious liability based upon conduct of individuals or entities outside of the Company's control, including agents and third-party contractor agents. Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable resolutions could occur. As of June 30, 2019, there was no litigation against the Company.

Note 12. Subsequent Events

On July 31, 2019 Hometown Heroes Holdings paid all monies due to Company, net of amounts due by the Company to Hometown Heroes.

Fathom Holdings Inc.



PRELIMINARY PROSPECTUS

UP TO SHARES OF COMMON STOCK

_____ , 2019

Through and including
prospectus.

, 2019, all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth all costs and expenses paid or payable by us in connection with the sale of the common stock being registered. All amounts shown are estimates except for the Securities and Exchange Commission, or SEC, registration fee.

Expense	Amount Paid or to be Paid
SEC registration fee	\$ *
Printing expenses	\$ *
Legal fees and expenses	\$ *
Transfer agent and registrar fees	\$ *
Accounting fees and expenses	\$ *
Miscellaneous expenses	\$ *
Total	\$ *

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers.

Sections 55-8-50 through 55-8-58 of the North Carolina General Statutes permit a corporation to indemnify its directors, officers, employees or agents (not our real estate agents, but those acting as “agents” of the corporation as defined in the North Carolina General Statutes) under either or both a statutory or nonstatutory scheme of indemnification. Under the statutory scheme, a corporation may, with certain exceptions, indemnify a director, officer, employee or agent of the corporation who was, is, or is threatened to be made, a party to any threatened, pending or completed legal action, suit or proceeding, whether civil, criminal, administrative, or investigative, because of the fact that such person was a director, officer, employee or agent of the corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. This indemnity may include the obligation to pay any judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan) and reasonable expenses incurred in connection with a proceeding (including counsel fees), but no such indemnification may be granted unless such director, officer, employee or agent (i) conducted himself or herself in good faith, (ii) reasonably believed (a) that any action taken in his or her official capacity with the corporation was in the best interest of the corporation or (b) that in all other cases his or her conduct at least was not opposed to the corporation’s best interest, and (iii) in the case of any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. Whether a director has met the requisite standard of conduct for the type of indemnification set forth above is determined by the board of directors, a committee of directors, special legal counsel or the shareholders in accordance with Section 55-8-55. A corporation may not indemnify a director under the statutory scheme in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation or in connection with a proceeding in which a director was adjudged liable on the basis of having received an improper personal benefit.

In addition to, and separate and apart from the indemnification described above under the statutory scheme, Section 55-8-57 of the North Carolina General Statutes permits a corporation to indemnify or agree to indemnify any of its directors, officers, employees or agents against liability and expenses (including attorney’s fees) in any proceeding (including proceedings brought by or on behalf of the corporation) arising out of their status as such or their activities in such capacities, except for any liabilities or expenses incurred on account of activities that were, at the time taken, known or believed by the person to be clearly in conflict with the best interests of the corporation. The amended and restated bylaws of the Company provide for indemnification to the fullest extent permitted by law for persons who serve as a director, officer, employee or agent of the Company or at the request of the Company serve as a director, officer, employee or agent for any other corporation, partnership, joint venture, trust or other enterprise, or as a trustee or administrator under an employee benefit plan. Accordingly, the Company may indemnify its directors, officers, employees or agents in accordance with either the statutory or nonstatutory standards.

Sections 55-8-52 and 55-8-56 of the North Carolina General Statutes require a corporation, unless its articles of incorporation provide otherwise, to indemnify a director, officer, employee or agent who has been wholly successful, on the merits or otherwise, in the defense of any proceeding to which such director, officer, employee or agent was a party. Unless prohibited by the articles of incorporation, a director, officer, employee or agent also may make application and obtain court-ordered indemnification if the court determines that such director, officer, employee or agent is fairly and reasonably entitled to such indemnification as provided in Sections 55-8-54 and 55-8-56.

Finally, Section 55-8-57 of the North Carolina General Statutes provides that a corporation may purchase and maintain insurance on behalf of an individual who is or was a director, officer, employee or agent of the corporation against certain liabilities incurred by such persons, whether or not the corporation is otherwise authorized by the North Carolina Business Corporation Act to indemnify such party. The Company intends to purchase a directors' and officers' liability policy which will, subject to certain limitations, indemnify the Company and its officers and directors for damages they become legally obligated to pay as a result of any negligent act, error, or omission committed by directors or officers while acting in their capacity as such.

As permitted by North Carolina law, Article V of the Restated Articles of Incorporation of the Company limits the personal liability of directors for monetary damages for breaches of duty as a director arising out of any legal action whether by or in the right of the Company or otherwise, provided that such limitation will not apply to (i) acts or omissions that the director at the time of such breach knew or believed were clearly in conflict with the best interests of the Company, (ii) any liability under Section 55-8-33 of the General Statutes of North Carolina, or (iii) any transaction from which the director derived an improper personal benefit (which does not include a director's reasonable compensation or other reasonable incidental benefit for or on account of his or her service as a director, officer, employee, independent contractor, attorney, or consultant of the Company).

Item 15. Recent Sales of Unregistered Securities.

The following list sets forth information as to all securities we have sold since May 5, 2017 (date of inception) up to the date of this document, which were not registered under the Securities Act.

- In October 2018, we issued and sold 1,685,000 shares of common stock for \$1.00 per share to 38 investors in a private placement.
- In November 2018, we issued and sold 25,000 shares of common stock for \$1.00 per share to 1 investor in a private placement.
- In March 2019, we issued and sold 576,000 shares of common stock for \$1.00 per share to 19 investors in a private placement.

Each of the foregoing issuances was made in a transaction not involving a public offering pursuant to an exemption from the registration requirements of the Securities Act in reliance upon Section 4(a)(2) of the Securities Act, or Regulation D promulgated under the Securities Act.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit No.	Description of Exhibit
3.1	Restated Articles of Incorporation of Fathom Holdings Inc.
3.2	Amended and Restated Bylaws of Fathom Holdings Inc.
4.1	Form of Common Stock Certificate.*
5.1	Opinion of Wyrick Robbins Yates & Ponton LLP.*
10.1	Fathom Ventures, Inc. 2017 Stock Plan.#
10.2	Fathom Ventures, Inc. 2017 Stock Plan Form of Restricted Stock Award Agreement. #
10.3	Fathom Holdings Inc. 2019 Omnibus Stock Incentive Plan.#
10.4	Contribution and Exchange Agreement, dated August 31, 2018, by and between Fathom Ventures, Inc. and IntelliAgent, LLC.
10.5	Contribution and Exchange Agreement, dated August 31, 2018, by and between Fathom Realty Holdings LLC and Fathom Realty Group Inc.

10.6	Contribution and Exchange Agreement, dated September 4, 2018, by and between Fathom Holdings Inc. and Fathom Realty Holdings LLC.
10.7	Form of Fathom Agent Agreement.#
10.8	Commercial Lease Agreement, dated October 12, 2015, by and between Powell Commonwealth Associates, LLC and Fathom Realty, LLC.
10.9	Commercial Lease Agreement, entered into on November 21, 2017, by and between King Commercial Properties, LLC and Fathom Realty, LLC.
10.10	Lease Agreement, dated October 1, 2015, by and between Henderson & Murphy LLC and Fathom Realty Holdings, LLC.
10.11	Customer Subscription Agreement, dated May 1, 2018, by and between InsideRE, LLC and Fathom Realty, LLC.
21.1	Fathom Holdings Inc. Subsidiaries
23.1	Consent of BDO USA, LLP.*
23.2	Consent of Wyrick Robbins Yates & Ponton LLP (included in Exhibit 5.1).*
24.1	Powers of Attorney (included on signature page).*

* To be filed by amendment.

Management contract or compensatory agreement.

Item 17. Undertakings.

(a) The undersigned hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to the registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(5) That, for the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use;

(h) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Cary, State of North Carolina, on _____, 2019.

FATHOM HOLDINGS INC.

By: _____
Name: Joshua Harley
Title: Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below hereby constitutes and appoints each of Joshua Harley and Marco Fregenal, acting singly, his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to (i) act on, sign, and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this registration statement together with all schedules and exhibits thereto and any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, together with all schedules and exhibits thereto, (ii) act on, sign, and file such certificates, instruments, agreements, and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this registration statement or any such amendment or any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and (iv) take any and all actions which may be necessary or appropriate in connection therewith, granting unto such agents, proxies and attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he or she might or could do in person, hereby approving, ratifying and confirming all that such agents, proxies and attorneys-in-fact or any of their substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ Joshua Harley	Chief Executive Officer, Director (Principal Executive Officer)	
_____ Marco Fregenal	President and Chief Financial Officer, Director (Principal Financial Officer and Principal Accounting Officer)	
_____ Chris Bennett	Director	
_____ Jeffrey H. Coats	Director	

David C. Hood

Director

Glenn Sampson

Director

Jennifer B. Venable

Director

**RESTATED ARTICLES OF INCORPORATION
OF
FATHOM HOLDINGS INC.**

Pursuant to Section 55-10-07 of the North Carolina Business Corporation Act, the undersigned corporation hereby submits the following for the purpose of and integrating into one document its original Articles of Incorporation and all amendments and restatements thereto and also for the purpose of amending its Articles of Incorporation:

1. The name of the corporation is Fathom Holdings Inc.
2. Attached hereto as Exhibit A are the Restated Articles of Incorporation of Fathom Holdings Inc. which contain amendments to the Articles of Incorporation requiring shareholder approval.
3. The attached Restated Articles of Incorporation were duly adopted by the Board of Directors of the corporation on September 11, 2018, and approved by the requisite shareholders of the corporation on September 11, 2018, each pursuant to Section 55-10-03 of the North Carolina General Statutes.
4. These Restated Articles of Incorporation will become effective upon filing.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of September 2018.

FATHOM HOLDINGS INC.

By: /s/ Joshua Harley
Joshua Harley, President

EXHIBIT A

**RESTATED ARTICLES OF INCORPORATION
OF
FATHOM HOLDINGS INC.**

ARTICLE I

The name of the corporation is Fathom Holdings Inc. (the "Corporation").

ARTICLE II

The purpose for which the Corporation is organized is to engage in any lawful act or activity for which corporations may be organized under Section 55 of the North Carolina General Statutes (the "North Carolina General Statutes").

ARTICLE III

The street address and county of the registered office of the Corporation and is 211 New Edition Court, Suite 211, Cary, NC, Wake County, 27511, and the name of the registered agent at such address is Marco Frenegal. The street address and county of the principal office of the Corporation is 211 New Edition Court, Suite 211, Cary, NC, Wake County, 27511. The mailing address of each of the registered office of the Corporation and the principal office of the Corporation is the same as its street address.

ARTICLE IV

"The Corporation shall have the authority to issue one hundred million (100,000,000) shares, no par value per share, all of one class designated Common Stock.

Effective immediately upon filing of these restated articles of incorporation with the North Carolina Secretary of State (the "Effective Time"), each currently outstanding share of Series A Common Stock of the Corporation as of immediately prior to the Effective Time shall automatically be cancelled and each two (2) currently outstanding shares of Series B Common Stock of the Corporation as of immediately prior to the Effective Time are converted and reclassified into one (1) share of Common Stock of the Corporation, each with no par value per share (the "Reverse Stock Split"). No fractional interest resulting from the Reverse Stock Split shall be issued, and if such fractional share results, the number of shares to be issued to any such shareholder in connection with the Reverse Stock Split will be rounded down to the nearest share. All numbers of shares, and all amounts stated on a per share basis contained in these restated articles of incorporation are stated after giving effect to such Reverse Stock Split and no further adjustment shall be made as a consequence of such Reverse Stock Split."

ARTICLE V

Except to the extent that the North Carolina General Statutes prohibit such limitation or elimination of liability of directors for breaches of duty, no director of the Corporation shall be liable to the Corporation or to any of its shareholders for monetary damages for breach of duty as a director. No amendment to or repeal of this provision or adoption of a provision inconsistent herewith shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal or adoption of an inconsistent provision. The provisions of this Article shall not be deemed to limit or preclude indemnification of a director by the Corporation for any liability that has not been eliminated by the provisions of this Article.

ARTICLE VI

Until such time as Joshua Harley no longer beneficially owns a majority of the Company's outstanding Common Stock, any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shareholders entitled to vote thereon were present and voted. Thereafter, any such action may only be taken at a duly called meeting of the shareholders. A shareholder's consent to action taken without meeting may be made by electronic mail or any other electronic form and delivered by electronic means. Prior notice of any action to be taken without meeting by the shareholders, including without limitation fundamental corporate actions described in Articles 10, 11, 12 and 14 of Chapter 55 of the North Carolina General Statutes, shall not be required to be given to any shareholder.

ARTICLE VII

The corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to, or testifies in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative in nature, by reason of the fact that such person is or was a director, officer or employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding to the full extent permitted by law, and the Corporation may adopt bylaws or enter into agreements with any such person for the purpose of providing for such indemnification.

ARTICLE VIII

To the extent permitted by the North Carolina General Statutes, the Corporation may conduct any transaction or take any action by electronic mail or any other electronic means.

ARTICLE IX

Unless and except that the bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

ARTICLE X

The Board of Directors may from time to time make, amend, supplement or repeal the Bylaws of the Corporation.

ARTICLE XI

The Corporation reserves the right at any time, and from time to time, to amend, alter, change or repeal any provision outlined in these Articles of Incorporation, and other provisions authorized by the laws of the State of North Carolina at the time in force may be added or inserted, in the manner now or hereafter prescribed by law; and all rights, preferences, and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to these Articles of Incorporation in its present form or as hereafter amended are granted subject to the rights reserved in this article.

ARTICLE XII

The provisions of Articles 9 and 9A of Chapter 55 of the North Carolina General Statutes shall not be applicable to the Corporation.

AMENDED & RESTATED

BYLAWS

OF

FATHOM HOLDINGS INC.

f/k/a

FATHOM VENTURES, INC.

ARTICLE I

OFFICES

- 1.1 Principal Office. The principal office of the corporation shall be located at such place as the Board of Directors may fix from time to time.
- 1.2 Registered Office. The registered office of the corporation required by law to be maintained in the State of North Carolina may be, but need not be, identical with the principal office.
- 1.3 Other Offices. The corporation may have offices at such other places, either within or without the State of North Carolina, as the Board of Directors may designate or as the affairs of the corporation may require from time to time.

ARTICLE II

MEETINGS OF SHAREHOLDERS

- 2.1 Place of Meetings. All meetings of shareholders shall be held at the principal office of the corporation, or at such other place, whether within or without the State of North Carolina, as shall be designated in the notice of the meeting or agreed upon by the Board of Directors.
 - 2.2 Annual Meeting. The annual meeting of shareholders shall be held on the first Tuesday of May following the end of the corporation's fiscal year at a time as determined by the Board of Directors for the purpose of electing directors of the corporation and for the transaction of such other business as may be properly brought before the meeting. If the required day of the annual meeting falls on a federal or state holiday, the annual meeting shall be held instead on the next business day at a time determined by the Board of Directors.
 - 2.3 Substitute Annual Meetings. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 2.4 of this Article II. A meeting so called shall be designated and treated for all purposes as the annual meeting.
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2.4 Special Meetings. Special meetings of the shareholders may be called at any time by the Board of Directors, Chairman of the Board or President of the corporation, or by any shareholder pursuant to the written request of the holders of a majority of all shares entitled to vote at the meeting.

2.5 Notice of Meetings.

(a) Written or printed notice stating the time and place of any meeting of the shareholders shall be delivered not less than ten (10) nor more than sixty (60) days before the date of any shareholders' meeting, either personally, by United States mail, nationally recognized courier or delivery service or, if in electronic form, by electronic mail or other electronic means by or at the direction of the Board of Directors, Chairman of the Board or President or other person calling the meeting, to each shareholder of record entitled to vote at such meeting; provided that such notice must be given to all shareholders with respect to any meeting at which a merger, share exchange, sale of assets other than in the regular course of business or voluntary dissolution is to be considered and in such other instances as required by law. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the record of shareholders of the corporation, with postage thereon prepaid.

(b) In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless such a statement is required by the provisions of the North Carolina Business Corporation Act.

(c) When a meeting is adjourned to a different date, time or place, notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before adjournment. If, however, a new record date for the adjourned meeting is fixed, notice of the adjourned meeting will be given to all persons who are shareholders as of the new record date in accordance with this Section 2.5.

(d) To the extent that a shareholder has agreed in writing and delivered such agreement to the corporation, any notice delivered pursuant hereto by electronic mail or other electronic means is effective when sent as provided in the North Carolina Business Corporation Act. Any shareholder may terminate such agreement at any time by written notice to the corporation and such notice of termination shall be effective upon receipt by the corporation. The corporation shall maintain with its corporate records an accounting of all such shareholders agreements and such notices of termination received by the corporation pursuant to the foregoing.

2.6 Waiver of Notice. Any shareholder may waive notice of any meeting. The waiver must be in writing, signed by the shareholder and delivered to the corporation for inclusion in the minutes or filing with the corporate records. A shareholder's attendance at a meeting (a) waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter before it is voted upon.

2.7 Notice of Shareholder Proposals and Nominees for Election as Directors.

(a) No business shall be transacted at a meeting of shareholders, except such business as shall be (i) specified in the notice of meeting given as provided in Section 2.5 of this Article, (ii) presented by or at the direction of the board of directors, or (iii) otherwise brought before the meeting by a shareholder of record entitled to vote at the meeting in compliance with the procedures set forth in this Section 2.7. In addition to the requirements of any applicable law with respect to any proposal presented by a shareholder for action at a meeting of the shareholders of the corporation (including the requirements of the Securities and Exchange Commission relating to shareholder proposals and director nominees), and subject to the provisions of the North Carolina Business Corporation Act as in effect from time to time, any shareholder desiring to introduce any business before any meeting of the shareholders of the corporation shall be required to deliver to the secretary written notice containing the information specified herein (i) in the case of an annual meeting, at least 80 days but no more than 120 days in advance of the first anniversary of the notice date of the corporation's proxy statement for the preceding year's annual meeting, and (ii) in the case of a special meeting, no later than the tenth day following the notice date for such meeting. In the event that the date of an annual meeting is advanced by more than 30 days or delayed by more than 60 days from the first anniversary date of the preceding year's annual meeting, notice by a shareholder must be delivered no earlier than the 120th day prior to such annual meeting and no later than the later of the 80th day prior to such annual meeting or the tenth day following the notice date for such meeting. The written notice required herein shall, as to each matter the shareholder proposes to bring before the meeting, contain the following information (in addition to any information required by applicable law): (i) the name and address of the shareholder who intends to present the proposal and the beneficial owner, if any, on whose behalf the proposal is made; (ii) the number of shares of each class of capital stock beneficially owned by the shareholder and such beneficial owner; (iii) a description of the business proposed to be introduced to the shareholders; (iv) any material interest, direct or indirect, which the shareholder or beneficial owner may have in the business described in the notice; and (v) a representation that the shareholder is a holder of record of shares of the corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to present the proposal.

(b) Only persons who are nominated in accordance with the provisions set forth in these bylaws and who otherwise comply with director qualification standards established by the board of directors, a properly authorized committee of the board, or applicable law, rule or regulation shall be eligible to be elected as directors at a meeting of shareholders. Nominations of persons for election to the board of directors may be made at such meeting of shareholders only (i) by or at the direction of the board of directors (or a properly authorized committee of the board) or (ii) by any shareholder (A) who is a shareholder of record at the time of giving of notice provided for in this Section 2.7, (B) who is entitled to vote for the election of directors at the meeting, (C) who complies with the notice and other procedures set forth in this Section 2.7 and (D) whose nominee is determined by the board of directors (or a properly authorized committee of the board) to satisfy all applicable director qualification standards. Any shareholder desiring to nominate a person for election as a director of the corporation shall deliver to the Secretary a written notice at such time and containing (i) such information as set forth in this Section 2.7, (ii) such additional information concerning the nominee as would be required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (or any successor provision thereto), to be disclosed in the proxy materials concerning all persons nominated (by the corporation or otherwise) for election as a director of the corporation, and (iii) such additional information concerning the nominee as is deemed sufficient by the board of directors (or a properly authorized committee of the board) to establish that the nominee meets all minimum qualification standards or other criteria as may have been established by the board of directors (or any properly authorized committee of the board) or pursuant to applicable law, rule or regulation for service as a director. In addition, such notice shall be accompanied by a consent signed by each nominee to serve as a director if elected.

(c) Failure of any shareholder to provide such notice in a timely and proper manner as set forth in this Section 2.7 shall authorize the presiding officer at the meeting of shareholders before which such business is proposed to be introduced, or at which such nominee is proposed to be considered for election as a director, to rule such proposal or nomination out of order and not proper to be introduced or considered.

2.8 Shareholder Lists. Before each meeting of shareholders, the Secretary of the corporation shall prepare an alphabetical list of the shareholders entitled to notice of such meeting. The list shall be arranged by voting group (and within each voting group by class or series of shares) and show the address and number of shares held by each shareholder. The list shall be kept on file at the principal office of the corporation, or at a place identified in the meeting notice in the city where the meeting will be held, for the period beginning two business days after notice of the meeting is given and continuing through the meeting, and shall be subject to inspection by any shareholder at any time during regular business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any shareholder during the meeting or any adjournment thereof.

2.9 Quorum.

(a) A majority of the outstanding shares of the corporation entitled to vote and represented in person or by proxy shall be required for, and shall constitute a quorum at all meetings of shareholders. Shares entitled to vote as a separate voting group may take action on a matter only if a quorum of those shares exists; a majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group. The shareholders present at a duly organized meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

(b) In the absence of a quorum at the opening of any meeting of shareholders, such meeting may be adjourned from time to time by a vote of a majority of the shares voting on the motion to adjourn; and at any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted at the original meeting.

2.10 Organization. Each meeting of shareholders shall be presided over by the Chairman of the Board, and in his absence or at his request by the President, and in their absence or at their request by any person selected to preside by vote of the holders of a majority of the shares present and entitled to vote at the meeting. The Secretary, or in his absence or at his request, any person designated by the person presiding at the meeting, shall act as secretary of the meeting.

2.11 Proxies. Shares may be voted either in person or by one or more agents authorized by a written proxy executed by the shareholder or by his duly authorized attorney-in-fact. A proxy is not valid after the expiration of eleven months from the date of its execution, unless the person executing it specifies therein the length of time for which it is to continue in force, or limits its use to a particular meeting. Any proxy shall be revocable by the shareholder unless the written appointment expressly and conspicuously provides that it is irrevocable and the appointment is coupled with an interest as required by law.

2.12 Voting of Shares.

(a) Subject to the provisions of Section 3.1 of the corporation's Articles of Incorporation and Section 3.3 of these bylaws, each outstanding share entitled to vote shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. All shares entitled to vote shall be counted together collectively on a matter as provided by the Articles of Incorporation or by the North Carolina Business Corporation Act shall constitute a single voting group. Additional required voting groups shall be determined in accordance with the Articles of Incorporation and these Bylaws of this corporation and the North Carolina Business Corporation Act.

(b) Except in the election of directors as governed by the provisions of Section 3.3 of Article III of these bylaws, the vote of a majority of the shares voted on any matter at a meeting of shareholders at which a quorum is present shall be the act of the shareholders on that matter, unless the vote of a greater number is required by law or by the Articles of Incorporation or Bylaws of this corporation. Further, except in the election of directors, action on a matter by a voting group shall be approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the vote by a greater number is required by law or by the Articles of Incorporation or Bylaws of this corporation. Corporate action on such matters shall be taken only when approved by each and every voting group entitled to vote as a separate voting group on such matters as provided by the Articles of Incorporation or Bylaws of this corporation or by the North Carolina Business Corporation Act.

(c) Voting on all matters except the election of directors shall be by voice vote or by a show of hands unless the holders of one-tenth (1/10th) of the shares represented at the meeting shall, prior to the voting on any matter, demand a ballot vote on that particular matter. Abstentions shall not be treated as negative votes.

(d) Shares of the corporation's stock are not entitled to vote if they are owned, directly or indirectly, by a second corporation and the corporation owns, directly or indirectly, a majority of the shares entitled to vote for directors of the second corporation, except that shares held in a fiduciary capacity, including the corporation's own shares, may be voted.

2.13

Informal Action By Shareholders.

(a) Unless otherwise provided in the corporation's Articles of Incorporation, any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, shall be delivered to the corporation for inclusion in the corporate records and shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shareholders entitled to vote thereon were present and voted. Such consent shall have the same force and effect as a vote of the shareholders. A shareholder's consent to action taken without meeting may be in electronic form and may be delivered to the corporation in the manner herein required.

(b) Every written consent shall bear the date of signature of such consent, and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest consent delivered to the corporation in the manner herein required, written consents signed by a sufficient number of shareholders to take such action are delivered to the corporation by delivery to its registered office in the State of North Carolina, its principal place of business or an officer or agent of the corporation having custody of the records in which proceedings of meetings of the shareholders are recorded. Delivery to the corporation of shareholders' written consents shall be by hand, certified or registered mail, return receipt requested, regular mail, nationally recognized courier or delivery service or, if in electronic form, by electronic mail or other electronic means to such address or other location as may from time to time be determined by the Board of Directors.

(c) If action is taken without a meeting by fewer than all shareholders entitled to vote on the action, the corporation shall give written notice to all shareholders who have not consented to the action and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting with the same record date as the action taken without a meeting, within ten (10) days after the action is taken. The notice shall describe the action and indicate that the action has been taken without a meeting of shareholders.

2.14

Inspectors of Election.

(a) Appointment of Inspectors of Election. In advance of any meeting of shareholders, the Board of Directors may appoint any persons, other than nominees for office, as inspectors of election to act at such meeting or any adjournment thereof. If inspectors of election are not so appointed, the chairman of any such meeting may appoint inspectors of election at the meeting. The number of inspectors shall be either one or three. In case any person appointed as inspector fails to appear or fails or refuses to act, the vacancy may be filled by appointment by the Board of Directors in advance of the meeting or at the meeting by the person acting as chairman.

(b) Duties of Inspectors. The inspectors of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all shareholders. The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical.

(c) Vote of Inspectors. If there are three inspectors of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.

(d) Report of Inspectors. On a request of the chairman of the meeting, the inspectors shall make a report in writing of any challenge or question or matter determined by them and shall execute a certificate of any fact found by them. Any report or certificate made by them shall be a prima facie evidence of the facts stated therein.

2.15 Electronic Participation in Meetings. Any shareholder or any shareholder's proxy may participate in any meeting of the shareholders by means of a conference telephone or similar communications device that allows all persons participating in the meeting (a) to read or to hear the meeting proceeding substantially concurrently as the proceedings occur, (b) to be read or to be heard substantially concurrently as the proceedings occur, and (c) to vote on matters to which the shareholder or shareholder's proxy is entitled to vote, and such participation in a meeting shall be deemed presence in person at such meeting.

ARTICLE III

BOARD OF DIRECTORS

3.1 General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of, its Board of Directors or by such executive or other committees as the Board may establish pursuant to these Bylaws.

3.2 Number and Qualifications. The number of directors constituting the Board of Directors shall range from one (1) to nine (9); initially set at five (5). The number of directors may be fixed or changed from time to time within the minimum and maximum by the Board of Directors or the shareholders. Directors need not be residents of the State of North Carolina or shareholders of the corporation.

3.3 Election of Directors. Except as provided in Section 3.6 of this Article III, the directors shall be elected at the annual meeting of shareholders; and those persons who receive the highest number of votes shall be deemed to have been elected. Every shareholder entitled to vote at an election of directors shall have the right to vote the number of shares standing of record in his name for as many persons as there are directors to be elected and for whose election he has a right to vote, or, if cumulative voting rights have been provided for in the corporation's Articles of Incorporation, to cumulate his vote by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates. This right of cumulative voting, if available to the shareholders, shall not be exercised unless (a) the meeting notice or proxy statement accompanying the notice states conspicuously that shareholders are entitled to cumulate their votes, or (b) a shareholder or proxy holder who has the right to cumulate his votes announces in open meeting, before the voting for the directors starts, his intention so to vote cumulatively; and if such announcement is made, the chair shall declare that all shares entitled to vote have the right to vote cumulatively and shall announce the number of shares present in person and by proxy and shall thereupon grant a recess of not less than one nor more than four hours, as he shall determine, or of such other period of time as is unanimously then agreed upon.

- 3.4** Term of Directors. Each initial director shall hold office until the first shareholders' meeting at which directors are elected, or until such director's death, resignation or removal. The terms of every other director shall expire at the next annual shareholders' meeting following a director's election or upon such director's death, resignation or removal. The term of a director elected to fill a vacancy expires at the next shareholders' meeting at which directors are elected. Despite the expiration of a director's term, such director shall continue to serve until a qualified successor shall be elected. A decrease in the number of directors does not shorten an incumbent director's term.
- 3.5** Removal. Any director may be removed at any time with or without cause by a vote of the shareholders if the number or votes cast to remove such director exceeds the number of votes cast not to remove him. However, if cumulative voting is authorized, a director shall not be removed when the number of shares voting against the proposal for removal would be sufficient to elect a director if such shares were voted cumulatively at an annual election. If a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove him. If any directors are so removed, new directors may be elected at the same meeting. A director may not be removed by the shareholders at a meeting unless the notice of the meeting states that the purpose, or one of the purposes, of the meeting, is removal of the director.
- 3.6** Vacancies. Any vacancy occurring in the Board of Directors, including, without limitation, a vacancy resulting from an increase in the number of directors or from the failure by the shareholders to elect the full authorized number of directors, may be filled by the shareholders entitled to vote or the Board of Directors, whichever group shall act first. If the directors remaining in office do not constitute a quorum of the Board, the directors may fill the vacancy by the affirmative vote of a majority of the remaining directors.
- 3.7** Chairman of the Board. There may be a Chairman of the Board of Directors elected by the directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board. He shall be an ex officio member of all committees. He shall make a report in writing at the annual meeting of the Board of Directors stating the condition of the corporation and shall make such suggestions and recommendations as he shall deem proper for the best interests of the corporation. He shall appoint delegates and representatives to the organizations with which the corporation is affiliated. He shall have the power to call the regular and any special meetings of the Board of Directors. Until a Chairman is elected, the President of the corporation shall preside at the meetings of the Board of Directors and shareholders.

- 3.8 Compensation. The Board of Directors, in its discretion, may compensate directors for their services as such and may provide for the payment of all expenses incurred by directors in attending regular and special meetings of the Board or of the Executive Committee. Nothing herein contained, however, shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.
- 3.9 Executive Committees. The Board of Directors, by resolution adopted by a majority of the number of directors in office when the action is taken or, if greater, the number of directors required to take action pursuant to Section 4.6 of Article IV, may designate one or more directors to constitute an Executive Committee and other committees, each of which, to the extent authorized by law and provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the corporation. Each committee member serves at the pleasure of the Board of Directors. The provisions in these Bylaws that govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board of Directors apply to committees established by the Board.

ARTICLE IV

MEETINGS OF DIRECTORS

- 4.1 Regular Meetings. A regular meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of the shareholders. In addition, the Board of Directors may provide, by resolution, the time and place, either within or without the State of North Carolina, for the holding of additional regular meetings.
- 4.2 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board of Directors, if any, by the President or any two directors. Such meetings may be held either within or without the State of North Carolina, as fixed by the person or persons calling the meeting.
- 4.3 Notice of Meetings. Regular meetings of the Board of Directors may be held without notice. The person or persons calling a special meeting of the Board of Directors shall, at least 2 days before the meeting, give notice thereof by any usual means of communication including, but not limiting to facsimile, telephone, electronic mail or other form of electronic communication. Such notice need not specify the purpose for which the meeting is called.
- 4.4 Waiver of Notice. Any director may waive notice of any meeting. The waiver must be in writing, signed by the director entitled to the notice and delivered to the corporation for inclusion in the minutes or filing with the corporate records. A director's attendance at or participation in a meeting shall constitute a waiver of notice of such meeting, unless the director at the beginning of the meeting (or promptly on arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

- 4.5 Quorum. A majority of the directors fixed by these Bylaws or, if the number of directors fixed by these Bylaws has been changed by the Board of Directors or the Shareholders pursuant to Section 3.2 hereof, a majority of the number of directors in office immediately before the meeting begins, shall be required for, and shall constitute, a quorum for the transaction of business at any meeting of the Board of Directors unless the Articles of Incorporation or these Bylaws provide otherwise.
- 4.6 Manner of Acting. Except as otherwise provided in the Articles of Incorporation or these Bylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.
- 4.7 Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless (a) he objects at the beginning of the meeting (or promptly upon his arrival) to holding it or transacting business at the meeting, or (b) his dissent or abstention from the action taken is entered in the minutes of the meeting, or (c) he files written notice of his dissent or abstention with the presiding officer of the meeting before its adjournment or with the corporation immediately after the adjournment. Such right to dissent shall not apply to a director who voted in favor of such action.
- 4.8 Action Without Meeting. Action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if all members of the Board approve the action. The action must be evidenced by one or more written consents signed by each director before or after such action, describing the action taken, and included in the minutes or filed with the corporate records. The consent of any director pursuant hereto may be in writing or in electronic form and may be delivered to the corporation by hand, certified or registered mail, return receipt requested, regular mail, nationally recognized courier or delivery service or, if in electronic form, by electronic mail or other electronic means. Such action will become effective when the last director signs the consent, unless the consent specifies a different date.
- 4.9 Electronic Participation in Meetings. Any one or more directors or members of a committee may participate in a meeting of the Board of Directors or committee by means of a conference telephone or similar communications device that allows all persons participating in the meeting to hear each other, and such participation in a meeting shall be deemed presence in person at such meeting.

ARTICLE V

OFFICERS

- 5.1 Officers of the Corporation. The officers of the corporation shall consist of a President, a Secretary, a Treasurer and such Vice-Presidents, Assistant Secretaries, Assistant Treasurers and other officers (including Controllers and Assistant Controllers) as the Board of Directors may from time to time elect. Any two or more offices may be held by the same person, but no officer may act in more than one capacity where action of two or more officers is required.
- 5.2 Appointment and Term. The officers of the corporation shall be appointed by the Board of Directors and each officer shall hold office until his death, resignation, retirement, removal, disqualification, or his successor shall have been appointed and qualified.
- 5.3 Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board at any time with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.
- 5.4 Resignation. An officer may resign at any time by communicating his resignation to the corporation, orally or in writing. A resignation is effective when communicated unless it specifies in writing a later effective date. If a resignation is made effective at a later date that is accepted by the corporation, the Board of Directors may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date. An officer's resignation does not affect the corporation's contract rights, if any, with the officer.
- 5.5 Compensation of Officers. The compensation of all officers of the corporation shall be fixed by the Board of Directors and no officer shall serve the corporation in any other capacity and receive compensation therefor unless such additional compensation be authorized by the Board of Directors.
- 5.6 Chairman of the Board. Unless otherwise specified by resolution of the Board, the Chairman of the Board shall be the Chief Executive Officer of the corporation (and may be identified as such in his title) and, subject to the direction and control of the Board of Directors, shall supervise and control the management of the corporation. The Chairman of the Board shall, when present, preside at all meetings of the directors and shareholders and, in general, shall perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed from time to time by the Board of Directors.
- 5.7 President. Unless otherwise specified by resolution of the Board, the President, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, in the absence of the Chairman of the Board, preside at all meetings of the shareholders. He shall sign, with the Secretary, an Assistant Secretary, or any other proper officer of the corporation thereunto authorized by the Board of Directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the corporation, or shall be required by law to be, otherwise signed or executed; and, in general, he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

- 5.8** Vice Presidents. In the absence of the President or in the event of his death, inability or refusal to act, the Vice Presidents in the order of their length of service as such, unless otherwise determined by the Board of Directors, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President may sign, with the Secretary or an Assistant Secretary, certificates of shares of the corporation; and shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors. The Board of Directors may designate one or more Vice Presidents to be responsible for certain functions, including, without limitation, Marketing, Finance, Manufacturing and Personnel.
- 5.9** Secretary. The Secretary shall: (a) keep the minutes of the meetings of shareholders, of the Board of Directors and of all Executive Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) sign with the President, or a Vice President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) maintain and have general charge of the stock transfer books of the corporation; (g) prepare or cause to be prepared shareholder lists prior to each meeting of shareholders as required by law; (h) attest the signature or certify the incumbency or signature of any officer of the corporation; and (i) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.
- 5.10** Assistant Secretaries. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in the order of their lengths of service as Assistant Secretaries, unless otherwise determined by the Board of Directors, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be assigned to them by the Secretary, by the President, or by the Board of Directors. Any Assistant Secretary may sign, with the President or a Vice President, certificates for shares of the corporation.

- 5.11** Treasurer. Unless otherwise designated by the Board of Directors, the Treasurer shall be the Chief Financial Officer (and may be designated as such in his title) and, subject to the discretion of the Board of Directors, shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all such monies in the name of the corporation in such depositories as shall be selected in accordance with the provisions of Section 6.4 of Article VI of these Bylaws; (b) maintain appropriate accounting records as required by law; (c) prepare, or cause to be prepared, annual financial statements of the corporation that include a balance sheet as of the end of the fiscal year and an income and cash flow statement for that year, which statements, or a written notice of their availability, shall be mailed to each shareholder within one hundred twenty (120) days after the end of such fiscal year; and (d) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors, or by these Bylaws.
- 5.12** Assistant Treasurers. In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as such, unless otherwise determined by the Board of Directors, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be assigned to them by the Treasurer, by the President or by the Board of Directors.
- 5.13** Controller and Assistant Controllers. The Controller, if one has been appointed, shall have charge of the accounting affairs of the corporation and shall have such other powers and perform such other duties as the Board of Directors shall designate. Each Assistant Controller shall have such powers and perform such duties as may be assigned by the Board of Directors and the Assistant Controller shall exercise the powers of the Controller during that officer's absence or inability to act.
- 5.14** Delegation of Duties of Officers. In case of the absence of any officer of the corporation or for any other reason that the Board may deem sufficient, the Board may delegate the powers or duties of such officer to any other officer or to any director for the time being provided a majority of the entire Board of Directors concurs therein.
- 5.15** Bonds. The Board of Directors may by resolution, require any or all officers, agents or employees of the corporation to give bond to the corporation, with sufficient sureties, conditioned on the faithful performance of the duties of their respective offices or positions, and to comply with such other conditions as may from time to time be required by the Board of Directors.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

- 6.1** Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Any resolution of the Board of Directors authorizing the execution of documents by the proper officers of the corporation or by the officers generally shall be deemed to authorize such execution by the Chairman of the Board, the President, any Vice President, or the Treasurer, or any other officer if such execution is generally within the scope of the duties of his office. The Board of Directors may by resolution authorize such execution by means of one or more facsimile signatures.
- 6.2** Loans. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.
- 6.3** Checks and Drafts. All checks, drafts or other orders for the payment of money issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.
- 6.4** Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such depositories as the Board of Directors may select.

ARTICLE VII

CERTIFICATES FOR SHARES AND THEIR TRANSFER

- 7.1** Certificates for Shares. The Board of Directors may authorize the issuance of some or all of the shares of the corporation's classes or series without issuing certificates to represent such shares. If shares are represented by certificates, the certificates shall be in such form as required by law and shall be determined by the Board of Directors. Certificates shall be signed (either manually or in facsimile) by the Chairman of the Board, President or a Vice President and by the Secretary or Treasurer or an Assistant Secretary or an Assistant Treasurer. The signatures of any such officers upon a certificate may be facsimiles or may be engraved or printed. In case any officer who has signed or whose facsimile or other signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue. All certificates for shares shall be consecutively numbered or otherwise identified and entered into the stock transfer books of the corporation. When shares are represented by certificates, the corporation shall issue and deliver to each shareholder to whom such shares have been issued or transferred, certificates representing the shares owned by him. When shares are not represented by certificates, then within a reasonable time after the issuance or transfer of such shares, the corporation shall send the shareholder to whom such shares have been issued or transferred a written statement of the information required by law to be on certificates.

7.2 Stock Transfer Books. The corporation shall keep a book or set of books, to be known as the stock transfer books of the corporation, containing the name of each shareholder of record, together with such shareholder's address and the number and class or series of shares held by him. Transfer of shares shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary, and on surrender for cancellation of the certificate for such shares (if the shares are represented by certificates). All certificates surrendered for transfer (if the shares are represented by certificates) shall be cancelled before new certificates (or written statements in lieu thereof) for the transferred shares shall be issued or delivered to the shareholder.

7.3 Reserved.

7.4 Fixing Record Date.

(a) The Board of Directors may fix a future date as the record date for one or more voting groups in order to determine the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any distribution, or in order to make a determination of shareholders for any other proper purpose. Such record date may not be more than seventy (70) days before the meeting or date on which the particular action requiring such determination of shareholders is to be taken. A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the Board of Directors fixes a new record date for the adjourned meeting, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

(b) If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a distribution, the close of business on the day before the first notice of the meeting is delivered to shareholders or the date on which the resolution of the Board of Directors declaring such distribution is adopted, as the case may be, shall be the record date for such determination of shareholders.

7.5 Lost or Destroyed Certificate. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation claimed to have been lost, destroyed or wrongfully taken, upon receipt of an affidavit of such fact from the person claiming the certificate of stock to have been lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors shall require that the owner of such lost or destroyed certificate, or his legal representative, give the corporation a bond in such sum as the Board may direct as indemnity against any claim that may be made against the corporation with respect to the certificate claimed to have been lost or destroyed, except where the Board of Directors by resolution finds that in the judgment of the directors the circumstances justify omission of a bond.

7.6 Holder of Record. Except as otherwise required by law, the corporation may treat as absolute owner of shares the person in whose name the shares stand of record on its books just as if that person had full competency, capacity and authority to exercise all rights of ownership irrespective of any knowledge or notice to the contrary or any description indicating a representative, pledge or other fiduciary relation or any reference to any other instrument or to the rights of any other person appearing upon its record or upon the share certificate except that any person furnishing to the corporation proof of his appointment as a fiduciary shall be treated as if he were a holder of record of its shares.

7.7 Shares Held By Nominees.

(a) The corporation shall recognize the beneficial owner of shares registered in the name of a nominee as the owner and shareholder of such shares for certain purposes if the nominee in whose name such shares are registered files with the Secretary of the corporation a written certificate in a form prescribed by the corporation, signed by the nominee and indicating the following: (1) the name, address and taxpayer identification number of the nominee; (2) the name, address and taxpayer identification number of the beneficial owner; (3) the number and class or series of shares registered in the name of the nominee as to which the beneficial owner shall be recognized as the shareholder; and (4) the purposes for which the beneficial owner shall be recognized as the shareholder.

(b) The purposes for which the corporation shall recognize a beneficial owner as the shareholder may include the following: (1) receiving notice of, voting at and otherwise participating in shareholders' meetings; (2) executing consents with respect to the shares; (3) exercising dissenters' rights under Article 13 of the North Carolina Business Corporation Act; (4) receiving distributions and share dividends with respect to the shares; (5) exercising inspection rights; (6) receiving reports, financial statements, proxy statements and other communications from the corporation; (7) making any demand upon the corporation required or permitted by law; and (8) exercising any other rights or receiving any other benefits of a shareholder with respect to the shares.

(c) The certificate shall be effective ten (10) business days after its receipt by the corporation and until it is changed by the nominee, unless the certificate specifies a later effective time or an earlier termination date.

(d) If the certificate affects less than all of the shares registered in the name of the nominee, the corporation may require the shares affected by the certificate to be registered separately on the books of the corporation and be represented by a share certificate that bears a conspicuous legend stating that there is a nominee certificate in effect with respect to the shares represented by that share certificate.

7.8 Acquisition by Corporation of its Own Shares. The corporation may acquire its own shares and shares so acquired shall constitute authorized but unissued shares. Unless otherwise prohibited by the Articles of Incorporation, the corporation may reissue such shares. If reissue is prohibited, the Articles of Incorporation shall be amended to reduce the number of authorized shares by the number of shares so acquired. Such required amendment may be adopted by the Board of Directors without shareholder action.

ARTICLE VIII

GENERAL PROVISIONS

8.1 Distributions. The Board of Directors may from time to time authorize, and the corporation may make distributions to its shareholders pursuant to law and subject to the provisions of its Articles of Incorporation.

8.2 Seal. The corporate seal of the corporation shall consist of two concentric circles between which is the name of the corporation and in the center of which is inscribed CORPORATE SEAL.

8.3 Fiscal Year. The fiscal year of the corporation shall be fixed by the Board of Directors.

8.4 Amendments.

(a) Except as otherwise provided herein and by law, these Bylaws may be amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the directors then holding office at any regular or special meeting of the Board of Directors.

(b) No bylaw adopted or amended or repealed by the shareholders shall be readopted, amended or repealed by the Board of Directors, unless the Articles of Incorporation or a bylaw adopted by the shareholders authorizes the Board of Directors to adopt, amend or repeal that particular bylaw or the Bylaws generally.

8.5 Indemnification.

(a) Any person who at any time serves or has served as a director or officer of the corporation or in such capacity at the request of the corporation for any other corporation, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the corporation to the fullest extent permitted by law against (i) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (and any appeal therein), and whether or not brought by or on behalf of the corporation, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (ii) payments made by him in satisfaction of any judgment, money decree, fine, penalty or settlement for which he may have become liable in any such action, suit or proceeding.

(b) The Board of Directors of the corporation shall take all such action as may be necessary and appropriate to authorize the corporation to pay the indemnification required by this bylaw, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him and giving notice to, and obtaining approval by, the shareholders of the corporation.

(c) Any person who at any time after the adoption of this bylaw serves or has served in any of the aforesaid capacities for or on behalf of the corporation shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

8.6 Advance Payment of Expenses. The corporation shall (upon receipt of an undertaking by or on behalf of the director or officer involved to repay the expenses described herein unless it shall ultimately be determined that he is entitled to be indemnified by the corporation against such expenses) pay expenses (including attorneys' fees) incurred by such director or officer in defending any threatened, pending or completed action, suit or proceeding and any appeal therein whether civil, criminal, administrative, investigative or arbitrative and whether formal or informal or appearing as a witness at a time when he has not been named as a defendant or a respondent with respect thereto in advance of the final disposition of such proceeding.

8.7 Directors and Officers Liability Insurance. The Board of Directors may cause the corporation to purchase and maintain "Directors and Officers Liability Insurance" for the benefit of any person who is or was serving as a director, officer, employee or agent of this corporation or for the benefit of any person who is or was serving at the request of this corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise. This insurance may cover any liability incurred by such person in any capacity arising out of this status as such even if the corporation would not otherwise have the power to indemnify him against that liability.

- 8.8** Effective Date of Notice. Except as provided in Section 2.5 of Article II, written notice shall be effective at the earliest of the following: (1) when received; (2) five days after its deposit in the United States mail, as evidenced by the postmark, if mailed with postage thereon prepaid and correctly addressed; or (3) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested and the receipt is signed by or on behalf of the addressee.
- 8.9** Corporate Records. Any records maintained by the corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or be in the form of punch cards, magnetic tape, photographs, microphotographs or any other information storage device; provided that the records so kept can be converted into clearly legible written form within a reasonable time. The corporation shall so convert any records so kept upon the request of any person entitled to inspect the same. The corporation shall maintain at its principal office the following records: (1) Articles of Incorporation or Restated Articles of Incorporation and all amendments thereto; (2) Bylaws or restated Bylaws and all amendments thereto; (3) resolutions by the Board of Directors creating classes or series of shares and affixing rights, preferences or limitations to shares; (4) minutes of all shareholder meetings or action taken without a meeting for the past three years; (5) all written communications to shareholders for the past three years, including financial statements; and (6) a list of the names and business addresses of its current directors and officers; and (7) the corporation's most recent annual report filed with the North Carolina Secretary of State.
- 8.10** Amendments to Articles of Incorporation. To the extent permitted by law, the Board of Directors may amend the Articles of Incorporation without shareholder approval to: (1) delete the initial directors' names and addresses; (2) change the initial registered agent or office in any state in which it is qualified to do business, provided such change is on file with the applicable Secretary of State; (3) change each issued and unissued share of an outstanding class into a greater number of whole shares, provided that class is the corporation's only outstanding share class; (4) change the corporate name by substituting "corporation", "incorporated", "company", "limited" or the abbreviations therefor for a similar word or abbreviation or by adding, deleting or changing a geographic designation in the name; or (5) make any other change expressly permitted by the North Carolina Business Corporation Act to be made without shareholder action. All other amendments to the Articles of Incorporation must be approved by the appropriate voting group or groups as required by law.

CERTIFICATE OF ADOPTION OF BYLAWS

IN WITNESS WHEREOF, the undersigned certifies that the foregoing nineteen (19) pages were adopted as the Bylaws of the corporation by action of the Board of Directors effective as of May 5, 2017.

/s/ Joshua Harley

Joshua Harley, President and Sole Director

FATHOM VENTURES, INC.

2017 STOCK PLAN

1. Purpose. This Fathom Ventures, Inc. 2017 Stock Plan (the "**Plan**") is intended to provide incentives:

- (a) to employees, directors, contractors, and consultants of Fathom Ventures, Inc. (the "**Company**") and its Affiliates (as defined below) by providing them with bonus awards of Series B Common Stock of the Company ("**Stock Bonuses**");
- (b) to employees, directors, contractors, and consultants of the Company and its Affiliates by providing them with opportunities to make direct purchases of Series B Common Stock of the Company ("**Purchase Rights**");
- (c) to employees, directors, contractors, and consultants of the Company and its Affiliates by providing them with opportunities to purchase Series B Common Stock of the Company pursuant to options granted hereunder that do not qualify as "incentive stock options" under Section 422 of the Internal Revenue Code of 1986, as amended, or any successor statute (the "**Code**") ("**Nonstatutory Stock Options**" or "**NSOs**");
- (d) to employees of the Company, its parent (if any), or any of its present or future subsidiaries (collectively, "**Related Corporations**"), by providing them with opportunities to purchase Series B Common Stock (as defined below) of the Company pursuant to options granted hereunder that qualify as "incentive stock options" ("**Incentive Stock Options**" or "**ISOs**") under Section 422 of the Code.

Both ISOs and NSOs are referred to hereafter as "**Options**", and Options, Stock Bonuses and Purchase Rights are referred to hereafter collectively as "**Stock Rights**." As used herein, the terms "parent" and "subsidiary" mean "parent corporation" and "subsidiary corporation," respectively, as those terms are defined in Section 424 of the Code. An "**Affiliate**" of the Company means a corporation, limited liability company, or other business entity that, directly or indirectly, through one or more intermediaries or otherwise, controls, is controlled by, or is under common control with the Company, where "control" means the ability to direct management or policies through the ownership of voting securities, by contract or otherwise. The term "Affiliate" specifically includes, but is not limited to, to Fathom Realty Holdings, LLC.

2. Administration of the Plan.

- (a) The Plan shall be administered by (i) the Board of Directors of the Company (the "**Board**"), or (ii) a committee consisting of directors or other persons appointed by the Board (the "**Committee**"). The appointment of the members of, and the delegation of powers to, the Committee by the Board shall be consistent with applicable federal and state laws and regulations (collectively, the "**Applicable Laws**"). Once appointed, the Committee shall continue to serve in its designated capacity until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies, however caused, and remove all members of the Committee and thereafter directly administer the Plan, all to the extent permitted by the Applicable Laws.

(b) Subject to ratification of the grant or authorization of each Stock Right by the Board (if so required by an Applicable Law), and subject to the terms of the Plan, the Committee shall have the authority, in its discretion, to:

(i) determine the employees of the Company and Related Corporations (from among the class of employees eligible under Section 3 to receive ISOs) to whom ISOs may be granted, and to determine (from among the classes of individuals and entities eligible under Section 3 to receive NSOs, Stock Bonuses and Purchase Rights) to whom NSOs, Stock Bonuses and Purchase Rights may be granted;

(ii) determine the time or times at which Options, Stock Bonuses or Purchase Rights may be granted (which may be based on performance criteria);

(iii) determine the number of shares of Series B Common Stock subject to any Stock Right granted by the Committee;

(iv) determine the option price of shares subject to each Option, which price shall not be less than the minimum price specified in Section 6 hereof, as appropriate, and the purchase price of shares subject to each Purchase Right and to determine the form of consideration to be paid to the Company for exercise of such Option or purchase of shares with respect to a Purchase Right;

(v) determine whether each Option granted shall be an ISO or NSO;

(vi) determine (subject to Section 7) the time or times when each Option shall become exercisable and the duration of the exercise period;

(vii) determine whether restrictions such as repurchase options are to be imposed on shares subject to Options, Stock Bonuses and Purchase Rights and the nature of such restrictions, if any;

(viii) approve forms of agreement for use under the Plan;

(ix) determine the Fair Market Value (as defined in Section 6(d) below) of a Stock Right or the Series B Common Stock underlying a Stock Right;

(x) accelerate vesting of any Stock Right or waive any forfeiture restrictions, or waive any other limitation or restriction with respect to a Stock Right;

(xi) reduce the exercise price of any Stock Right if the Fair Market Value of the Series B Common Stock covered by such Stock Right shall have declined since the date the Stock Right was granted;

- (xii) institute a program whereby outstanding Options can be surrendered in exchange for Options with a lower exercise price;
- (xiii) modify or amend each Stock Right, including the discretionary authority to extend the post-termination exercisability period of Stock Rights longer than is otherwise provided for by terms of the Plan or the Stock Right;
- (xiv) construe and interpret the Plan and Stock Rights granted hereunder;
- (xv) prescribe and rescind rules and regulations relating to the Plan;
- (xvi) to approve addenda pursuant to Section 24 below or to grant Stock Rights to, or to modify the terms of, any outstanding agreement related to any Stock Right held by grantees who are foreign nationals or employed outside of the United States with such terms and conditions as the Committee deems necessary or appropriate to accommodate differences in local law, tax policy or custom which deviate from the terms and conditions set forth in this Plan to the extent necessary or appropriate to accommodate such differences; and
- (xvii) make all other determinations necessary or advisable for the administration of the Plan.

The interpretation and construction by the Committee of any provisions of the Plan or of any Stock Right granted under it shall be final unless otherwise determined by the Board. No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Stock Right granted under it.

- (c) The Committee may select one of its members as its chairman, and shall hold meetings at such times and places as it may determine. Acts by a majority of the Committee, approved in person at a meeting or in writing, shall be the valid acts of the Committee.
- (d) All references in this Plan to the Committee shall mean the Board if no Committee has been appointed.
- (e) Those provisions of the Plan that make express reference to "Rule 16b-3" shall apply to the Company only at such time as the Company's Series B Common Stock is registered under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), and then only to such persons as are required to file reports under Section 16(a) of the Exchange Act (a "*Reporting Person*").
- (f) To the extent that Stock Rights are to be qualified as "performance-based" compensation within the meaning of Section 162(m) of the Code, the Plan shall be administered by a committee consisting of two or more "outside directors" as determined under Section 162(m) of the Code.

3. Eligible Employees and Others.

(a) Eligibility. ISOs may be granted to any employee of the Company or any Related Corporation. Those officers of the Company who are not employees may not be granted ISOs under the Plan. NSOs, Stock Bonuses and Purchase Rights may be granted to any director, employee, contractor, or consultant of the Company or any Affiliate of the Company. Granting of any Stock Right to any individual or entity shall neither entitle that individual or entity to, nor disqualify him, her, or it from, participation in any other grant of Stock Rights.

(b) Special Rule for Grant of Stock Rights to Reporting Persons. The selection of a director or an officer who is a Reporting Person (as the terms "director" and "officer" are defined for purposes of Rule 16b-3) as a recipient of a Stock Right, the timing of the Stock Right grant, the exercise price, if any, of the Stock Right and the number of shares subject to the Stock Right shall be determined either (i) by the Board, or (ii) by a committee of the Board that is composed solely of two or more Non-Employee Directors having full authority to act in the matter. For the purposes of the Plan, a director shall be deemed to be a "Non-Employee Director" only if such person is defined as such under Rule 16b-3(b)(3), as interpreted from time to time.

(c) Annual Limitation for Employees. To the extent the Company is subject to Section 162(m) of the Code, no employee shall be eligible to be granted during any calendar year Stock Rights covering more than eighty percent (80%) of the total shares of Series B Common Stock authorized for issuance under the Plan as set forth in Section 4.

4. Stock. The stock subject to Stock Rights shall be authorized but unissued shares of the Series B Common Stock of the Company, no par value per share, or such shares of the Company's capital stock into which such class of shares may be converted pursuant to any reorganization, recapitalization, merger, consolidation or the like, or shares of Series B Common Stock reacquired by the Company in any manner. The aggregate number of shares that may be issued pursuant to the Plan is 1,500,000 shares of Series B Common Stock, which is the maximum number of shares that may be issued as ISOs under this Plan, subject to adjustment as provided herein. Any such shares may be issued as ISOs, NSOs or Stock Bonuses, or to persons or entities making purchases pursuant to Purchase Rights, so long as the number of shares so issued does not exceed such aggregate number, as adjusted. If any Option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, or if the Company shall reacquire any shares issued pursuant to Stock Rights, the unpurchased shares subject to such Options and any shares so reacquired by the Company shall again be available for grants of Stock Rights under the Plan. Shares of Series B Common Stock which are withheld to pay the exercise price of an Option and/or any related withholding obligations shall not be available for issuance under the Plan.

5. Granting of Stock Rights. Stock Rights may be granted under the Plan at any time after the Effective Date, as set forth in Section 16, and prior to 10 years thereafter. The date of grant of a Stock Right under the Plan will be the date specified by the Committee at the time it grants the Stock Right; provided, however, that such date shall not be prior to the date on which the Committee acts.

6. Minimum Price: ISO Limitations.

(a) The price per share specified in the agreement relating to each NSO, Stock Bonus or Purchase Right granted under the Plan shall be established by the Committee, taking into account any noncash consideration to be received by the Company from the recipient of Stock Rights.

(b) The price per share specified in the agreement relating to each ISO granted under the Plan shall not be less than the Fair Market Value per share of Series B Common Stock on the date of such grant. In the case of an ISO to be granted to an employee owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Related Corporation, the price per share specified in the agreement relating to such ISO shall not be less than 110% of the Fair Market Value per share of Series B Common Stock on the date of the grant.

(c) To the extent that the aggregate Fair Market Value (determined at the time an ISO is granted) of Series B Common Stock for which ISOs granted to any employee are exercisable for the first time by such employee during any calendar year (under all stock option plans of the Company and any Related Corporation) exceeds \$100,000 (or such higher value as permitted under Code Section 422 at the time of determination) such Options will be treated as NSOs, provided that this Section shall have no force or effect to the extent that its inclusion in the Plan is not necessary for Options issued as ISOs to qualify as ISOs pursuant to Section 422 of the Code. The rule of this Section 6(c) shall be applied by taking Options in the order in which they were granted.

(d) As used herein, "**Fair Market Value**" means:

(i) if the Series B Common Stock is then traded on a national securities exchange, the closing sale price for such stock (or the closing bid, if no sales were reported as quoted on such exchange or market) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported);

(ii) if the Series B Common Stock is regularly quoted on an automated quotation system but not reported on a national securities exchange, the closing sale price or average of bid prices last quoted on that date by an established quotation service (or, if no such prices were reported on that date, on the last date such prices were reported); or

(iii) if the Series B Common Stock is not traded on an established securities market (as defined in Treasury Regulation Section 1.897-1(m)), the fair market value as determined by the Committee in good faith on such basis as it deems appropriate and applied consistently with respect to the recipients of Stock Rights under the Plan.

7. Option Duration. Subject to earlier termination as provided in Sections 9 and 10, each Option shall expire on the date specified by the Committee, but not more than:

- (a) 10 years from the date of grant in the case of NSOs;
- (b) 10 years from the date of grant in the case of ISOs generally; and
- (c) 5 years from the date of grant in the case of ISOs granted to an employee owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Related Corporation.

Subject to earlier termination as provided in Sections 9 and 10, the term of each ISO shall be the term set forth in the original instrument granting such ISO, except with respect to any part of such ISO that is converted into an NSO pursuant to Section 18.

8. Exercise of Options. Subject to the provisions of Section 9 through Section 12 of the Plan, each Option granted under the Plan shall be exercisable as follows:

- (a) the Option shall either be fully exercisable on the date of grant or shall become exercisable thereafter in such installments as the Committee may specify;
- (b) once an installment becomes exercisable it shall remain exercisable until expiration or termination of the Option, unless otherwise specified by the Committee;
- (c) each Option or installment may be exercised at any time or from time to time, in whole or in part, for up to the total number of shares with respect to which it is then exercisable;

(d) the Committee shall have the right to accelerate the date of exercise of any installment of any Option, irrespective of whether such acceleration would cause the Option to exceed the annual vesting limitation contained in Section 422 of the Code, as described in Section 6(c);

(e) the Committee may, but need not, include a provision in an agreement evidencing an Option whereby the grantee may elect at any time during his/her Continuous Service to exercise any part or all of the Option prior to its vesting, and in such case any shares received pursuant to such exercise of the unvested portion of the Option will be subject to a repurchase right in favor of the Company or to any other restriction the Company determines to be appropriate.

9. Effect of Termination of Continuous Service. If a grantee ceases to provide Continuous Service (as defined below) to the Company and all Affiliates other than (x) by reason of death or Disability as defined in Section 10, or (y) by reason of a termination for "Cause" as defined in this Section 9, then unless otherwise specified in the instrument granting such Stock Right, the grantee shall have the continued right to exercise any Stock Right held by him or her, to the extent of the number of shares with respect to which he or she could have exercised it on the date of termination until the Stock Right's specified expiration date; provided, however, in the event the grantee exercises any ISO after the date that is three months following the date of termination of employment, such ISO will automatically be converted into an NSO subject to the terms of the Plan. In the event of a termination for Cause (as defined below), the right of a grantee to exercise a Stock Right shall terminate as of the date of termination.

(a) As used herein, the term “*Continuous Service*” means the provision of services to the Company or an Affiliate in any capacity of employee, director, contractor, or consultant that is not interrupted or terminated. A grantee’s Continuous Service will be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the grantee provides services ceasing to be an Affiliate. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence (as described below), (ii) transfers among the Company, an Affiliate, or any successor in any capacity of employee, director, contractor, or consultant, or (iii) any change in status as long as the individual remains in the service of the Company or an Affiliate in any capacity of employee, director, contractor, or consultant (provided, however that a change in status from an employee to contractor or consultant may cause an ISO to become an NSO under the Code). ISOs granted under the Plan shall not be affected by any change of employment within or among the Company and its Affiliates, so long as the optionee continues to be an employee of the Company or any Affiliate.

(b) An approved leave of absence for purposes of determining Continuous Service will include any bona fide leave of absence (such as those attributable to illness, military obligations or other authorized personal leave) provided that the period of such leave does not exceed six (6) months, or if longer, any period during which such grantee’s right to reemployment with the Company is guaranteed by statute or by contract.

(c) For purposes of this Plan, and unless otherwise defined in the instrument granting a Stock Right, “*Cause*” means:

(i) if a grantee has a then-effective employment agreement, consulting agreement, service agreement or other similar agreement with the Company or any Affiliate that defines “Cause” or a like term, the meaning set forth in such agreement at the time of the grantee’s termination of Continuous Service; or

(ii) in the absence of such an agreement or definition, the termination of a grantee’s Continuous Service for any of the following reasons, as determined by the Committee: (A) the grantee’s breach of any fiduciary duty to the Company or any Affiliate; (B) the grantee’s failure to follow the reasonable instructions of the Board or such grantee’s direct supervisor, which breach, if curable, is not cured within ten (10) days after notice to such grantee or, if cured, recurs within one hundred eighty (180) days; (C) the grantee’s willful misconduct, fraud, embezzlement, or acts of dishonesty relating to the Company or any Affiliate; (D) the grantee’s material breach of any noncompetition, confidentiality or similar agreement with the Company or an Affiliate, as determined under such agreement; (E) the grantee’s commission of a crime involving fraud, embezzlement, theft, or other act constituting a felony; or (F) a grantee who is an employee, contractor, or consultant and who engages in acts or omissions constituting gross negligence, misconduct or a willful violation of a Company or an Affiliate policy which is or is reasonably expected to be materially injurious to the Company and/or an Affiliate.

(d) NOTHING IN THE PLAN SHALL BE DEEMED TO GIVE ANY GRANTEE OF ANY STOCK RIGHT THE RIGHT TO BE RETAINED IN EMPLOYMENT OR OTHER SERVICE BY THE COMPANY OR ANY AFFILIATE FOR ANY PERIOD OF TIME OR TO AFFECT THE AT-WILL NATURE OF ANY EMPLOYEE'S EMPLOYMENT.

10. Death; Disability.

(a) If a grantee's Continuous Service ends by reason of death, or if a grantee dies within three months of the date his or her Continuous Service ends, any Stock Right held by him or her may be exercised to the extent of the number of shares with respect to which he or she could have exercised said Stock Right on the date of death, by his or her estate, personal representative or beneficiary who has acquired the Stock Right by will or by the laws of descent and distribution (the "**Successor Grantee**"), unless otherwise specified in the instrument granting such Stock Right, prior to the earlier of (i) one year after the date of termination or (ii) the Stock Right's specified expiration date, provided, however, that a Successor Grantee shall be entitled to ISO treatment under Section 421 of the Code only if the deceased optionee would have been entitled to like treatment had he or she exercised such Option on the date of his or her death; and provided further in the event the Successor Grantee exercises an ISO after the date that is one year following the date of termination by reason of death, such ISO will automatically be converted into a NSO subject to the terms of the Plan.

(b) If a grantee's Continuous Service ends by reason of Disability, he or she shall continue to have the right to exercise any Stock Right held by him or her on the date of termination until unless otherwise specified in the instrument granting such Stock Right, the earlier of (i) one year after the date of termination or (ii) the Stock Right's specified expiration date provided, however, in the event the grantee exercises an ISO after the date that is one year following the date of termination by reason of Disability, such ISO will automatically be converted into a NSO subject to the terms of the Plan. For the purposes of the Plan, the term "**Disability**" means a "permanent and total disability" as defined in Section 22(e)(3) of the Code.

(c) The provisions of subsections (a) and (b) of this Section 10 regarding the exercise period of a Stock Right may be waived, extended or further limited, in the discretion of the Committee, in an instrument granting a Stock Right that is not an ISO.

11. Transferability and Assignability of Stock Rights.

(a) Except for ISOs, which are governed by Section 11(b) below, no Stock Right is transferable by the grantee except (i) upon the approval of the Committee, to the grantee's family members, or (ii) by will or by the laws of descent and distribution. For purposes of the Plan, a grantee's "family members" shall be deemed to consist of his or her spouse, parents, children, grandparents, grandchildren and any trusts created for the benefit of such individuals. A family member to whom any such Stock Right has been transferred pursuant to this Section 11(a) shall be hereinafter referred to as a "**Permitted Transferee**." A Stock Right shall be transferred to a Permitted Transferee in accordance with the foregoing provisions, and subject to all the provisions of the instrument evidencing such Stock Right and this Plan, by the execution by the grantee and the transferee of an assignment in writing in such form approved by the Committee. The Company shall not be required to recognize the rights of a Permitted Transferee until such time as it receives a copy of the assignment from the grantee.

(b) No ISO granted under this Plan shall be assignable or otherwise transferable by the optionee except by will or by the laws of descent and distribution. An ISO may be exercised during the lifetime of the optionee only by the optionee.

12. Terms and Conditions of Stock Rights. Stock Rights shall be evidenced by instruments (which need not be identical) in such forms as the Committee may from time to time approve. Such instruments shall conform to the terms and conditions set forth in Sections 6 through 11 hereof and may contain such other provisions as the Committee deems advisable that are not inconsistent with the Plan, including restrictions (or other conditions deemed by the Committee to be in the best interests of the Company) applicable to the exercise of Options or to shares of Series B Common Stock issuable upon exercise of Options or otherwise. If the Committee determines to issue a NSO, it shall take whatever actions it deems necessary, under Section 422 of the Code and the regulations promulgated thereunder, to ensure that such Option is not treated as an ISO, provided however that in granting any NSO, the Committee may specify that such NSO shall be subject to the restrictions set forth herein with respect to ISOs, or to such other termination and cancellation provisions as the Committee may determine. The Committee may from time to time confer authority and responsibility on one or more of its own members and/or one or more officers of the Company to execute and deliver such instruments. The proper officers of the Company are authorized and directed to take any and all action necessary or advisable from time to time to carry out the terms of such instruments.

13. Adjustments. Upon the occurrence of any of the following events, the rights of a recipient of a Stock Right granted hereunder shall be adjusted as hereinafter provided, unless otherwise provided in the written agreement between the recipient and the Company relating to such Stock Right.

(a) Subject to any action required under Applicable Laws by the holders of capital stock of the Company, (i) the number and class of shares of Series B Common Stock or other stock or securities: (x) available for future grants of Stock Rights under Section 4 above and (y) covered by each outstanding Stock Right, (ii) the exercise price per share of each such outstanding Option, and (iii) any repurchase price per share applicable to shares issued pursuant to any Stock Right, shall be automatically proportionately adjusted in the event of a stock split, reverse stock split, stock dividend, combination, consolidation, reclassification of Series B Common Stock or subdivision of Series B Common Stock. In the event of any increase or decrease in the number of issued shares of Series B Common Stock effected without receipt of consideration by the Company, a declaration of an extraordinary dividend with respect to Series B Common Stock payable in a form other than Series B Common Stock in an amount that has a material effect on the Fair Market Value, a recapitalization (including a recapitalization through a large nonrecurring cash dividend), a rights offering, a reorganization, merger, a spin-off, split-up, change in corporate structure or a similar occurrence, the Committee shall make appropriate adjustments, in its discretion, in one or more of (i) the numbers and class of capital stock or securities: (x) available for future grants of Stock Rights under Section 4 above and (y) covered by each outstanding Stock Right, (ii) the exercise price per share of each outstanding Option and (iii) any repurchase price per share applicable to the capital stock issued pursuant to any Stock Right, and any such adjustment by the Committee shall be made in the Committee's sole and absolute discretion and shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of stock subject to a Stock Right. If, by reason of a transaction described in this Section 13(a) or an adjustment pursuant to this Section 13(a), an agreement governing a grantee's Stock Right covers additional or different shares of stock or securities, then such additional or different shares, and the Stock Right agreement in respect thereof, shall be subject to all of the terms, conditions and restrictions which were applicable to the Stock Right prior to such adjustment.

(b) If the Company undergoes an Acquisition (as defined below), unless otherwise provided by the Committee, in its sole discretion, the Committee or the board of directors of any entity assuming the obligations of the Company hereunder (the "**Successor Board**") shall, as to outstanding Stock Rights, make appropriate provision for the continuation of such Stock Rights by either assumption of such Stock Rights or by substitution of such Stock Rights with an equivalent award. If the Committee or the Successor Board does not make appropriate provisions for the continuation of such Stock Rights by either assumption or substitution, unless otherwise provided by the Committee in its sole discretion, Stock Rights shall become vested and fully and immediately exercisable and all forfeiture restrictions shall be waived and all Stock Rights not exercised at the time of the closing of such Acquisition shall terminate notwithstanding anything to the contrary herein. In the event such Stock Rights are so fully vested and become immediately exercisable, the Committee may elect in its discretion in lieu of requiring the exercise of any Stock Rights prior to termination, to cancel outstanding Stock Rights in exchange for cash payments for each outstanding Stock Right equal to the product of (x) the positive difference, if any, of (i) the price per share of Series B Common Stock being paid in connection with the Acquisition less (ii) the applicable purchase or exercise price per share of Series B Common Stock for such Stock Right and (y) the number of shares of Series B Common Stock subject to such Stock Right. Any such cash payments shall be paid to the holders of Stock Rights within thirty (30) days after the closing of the Acquisition (subject to any escrow or other holdback periods and related reductions in amounts otherwise so payable applicable to all holders of Series B Common Stock) and shall be subject to any applicable tax withholding requirements.

(c) As used in this Plan, "**Acquisition**" means:

(i) a merger, consolidation or other capital reorganization or business combination transaction of the Company with or into another corporation, limited liability company or other entity other than an Excluded Entity (as defined below);

(ii) the sale, transfer, or other disposition of all or substantially all of the assets of the Company, other than to an Excluded Entity; or

(iii) acquisition in a single transaction or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of outstanding securities possessing all of the total combined voting power of the Company's outstanding securities; provided, however, that the Committee shall determine under this clause (iii) whether multiple transactions are related, and its determination shall be final, binding and conclusive.

Notwithstanding the foregoing, a transaction shall not constitute an "Acquisition" if its purpose is to (A) change the jurisdiction of the Company's incorporation, (B) create a holding company that will be owned in substantially the same proportions by the persons who hold the Company's securities immediately before such transaction, or (C) obtain funding for the Company in a financing that is approved by the Board. An "**Excluded Entity**" means a corporation or other entity of which the holders of voting capital stock of the Company outstanding immediately prior to such transaction are the direct or indirect holders of voting securities representing at least a majority of the votes entitled to be cast by all of such corporation's or other entity's voting securities outstanding immediately after such transaction.

(d) In the event of a transaction, including without limitation, a recapitalization or reorganization of the Company (other than a transaction described in subsection (b) above) pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Series B Common Stock, an optionee or grantee upon exercising a Stock Right shall be entitled to receive for the purchase price paid upon such exercise the securities he or she would have received if he or she had exercised the Stock Right immediately prior to such recapitalization or reorganization.

(e) In the event of the proposed dissolution or liquidation of the Company, each Stock Right will terminate immediately prior to the consummation of such proposed action or at such other time and subject to such other conditions as shall be determined by the Committee.

(f) Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to a Stock Right. No adjustments shall be made for dividends paid in cash or in property other than Series B Common Stock of the Company.

(g) No fractional shares shall be issued under the Plan and any optionee who would otherwise be entitled to receive a fraction of a share upon exercise of a Stock Right shall receive from the Company cash in lieu of such fractional shares in an amount equal to the Fair Market Value of such fractional shares, as determined in the sole discretion of the Committee.

(h) Upon the happening of any of the foregoing events described in subsections (a), (b) or (d) above, the class and aggregate number of shares set forth in Section 4 hereof that are subject to Stock Rights that previously have been or subsequently may be granted under the Plan shall also be appropriately adjusted to reflect the events described. The Committee or the Successor Board shall determine the specific adjustments to be made under this Section 13 and, subject to Section 2, its determination shall be conclusive.

14. Means of Exercising Stock Rights.

(a) Except as otherwise provided in this Plan or the instrument evidencing the Stock Right, a Stock Right (or any part or installment thereof) shall be exercised by giving written notice to the Company at its principal office address to the attention of its President. Such notice shall identify the Stock Right being exercised and specify the number of shares as to which such Stock Right is being exercised, accompanied by full payment of the exercise price therefor, if any, payable as follows: (i) in United States dollars in cash or by check, (ii) at the discretion of the Committee, through the delivery of already-owned shares of Series B Common Stock having a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Stock Right and, in the case of such already-owned shares of Series B Common Stock, having been owned by the participant for more than six months from the date of surrender, or (iii) at the discretion of the Committee, by delivery of the grantee's personal recourse note bearing interest payable not less than annually at a market rate that is no less than 100% of the lowest applicable Federal rate, as defined in Section 1274(d) of the Code, (iv) at the discretion of the Committee, through the surrender of shares of Series B Common Stock then issuable upon exercise of the Stock Right having a Fair Market Value on the date of exercise equal to the aggregate price of the Stock Right, (v) at the discretion of the Committee, delivery of a notice that the grantee has placed a market sell order with a broker with respect to shares of Series B Common Stock then issuable upon exercise of the Stock Right and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Stock Right exercise price, provided that payment of such proceeds is then made to the Company upon settlement of the sale, or (vi) at the discretion of the Committee, by any combination of (i), (ii), (iii), (iv) and (v) or such other consideration and method of payment for the issuance of shares to the extent permitted by Applicable Laws and the Plan. If the Committee exercises its discretion to permit payment of the exercise price of a Stock Right by means of the methods set forth in clauses (ii), (iii) (iv), (v) or (vi) of the preceding sentence, such discretion shall be exercised in writing at the time of the grant of the Stock Right in question and such exercise shall also be governed by any terms set forth in the written agreement evidencing the grant of the Stock Right. The holder of a Stock Right shall not have the rights of a stockholder with respect to the shares covered by the Stock Right until the date of issuance of a stock certificate for such shares. Except as expressly provided above in Section 13 with respect to changes in capitalization and stock dividends, no adjustment shall be made for dividends or similar rights for which the record date is before the date such stock certificate is issued.

(b) The Company shall not be required to issue or deliver any shares of Series B Common Stock upon the exercise of any Stock Right granted hereunder or any portion thereof, prior to fulfillment of all of the following conditions to the satisfaction of the Committee:

(i) the admission of such shares to listing on all stock exchanges on which the Series B Common Stock is listed, if any;

(ii) the completion of any registration or other qualification of such shares which the Committee shall deem necessary or advisable under any federal or state law or under the rulings or regulations of the United States Securities and Exchange Commission or any other governmental regulatory body, or the determination by the Company, with the advice of legal counsel, that exemptions are available from such registration and qualification;

(iii) the representation, in form acceptable to the Committee, at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws;

(iv) the obtaining of any approval or other clearance from any federal or state governmental agency or body which the Committee shall determine to be necessary or advisable;

(v) if required by the Committee in its discretion, the grantee's execution of a joinder agreement (in form acceptable to the Committee) such that the grantee becomes a party to any stockholders agreement, investor rights agreement, or similar agreement as may be entered into from time to time by and among the Company and the holders of the Company's stock; and

(vi) the lapse of such reasonable period of time following the exercise of the Stock Right as the Committee from time to time may establish for reasons of administrative convenience.

(c) Stock certificates issued and delivered to grantees shall bear such restrictive legends as the Company shall deem necessary or advisable pursuant to applicable federal and state securities laws.

(d) As an alternative to issuance of stock certificates, subject to any applicable rules or regulations, the Company may deliver to the grantee evidence of book entry shares credited to the account of the grantee.

(e) The inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary for the lawful issuance and sale of any Series B Common Stock pursuant to Stock Rights shall relieve the Company of any liability with respect to the non-issuance or sale of the Series B Common Stock as to which such approval shall not have been obtained. The Company shall, however, use its commercially reasonable efforts to obtain all such approvals.

15. Surrender of Stock Rights for Cash or Stock. The Committee may, in its sole and absolute discretion and subject to such terms and conditions as it deems appropriate, accept the surrender by an optionee or grantee of a Stock Right granted to him under the Plan and authorize payment in consideration therefor of an amount equal to the difference between the purchase price payable for the shares of Series B Common Stock under the instrument granting the Option and the Fair Market Value of the shares subject to the Stock Right (determined as of the date of such surrender of the Stock Right). Such payment shall be made in shares of Series B Common Stock valued at Fair Market Value on the date of such surrender, or in cash, or partly in such shares of Series B Common Stock and partly in cash as the Committee shall determine. The surrender shall be permitted only if the Committee determines that such surrender is consistent with the purpose set forth in Section 1, and only to the extent that the Stock Right is exercisable under Section 8 on the date of surrender. In no event shall an optionee or grantee surrender his Stock Right under this Section if the Fair Market Value of the shares on the date of such surrender is less than the purchase price payable for the shares of Series B Common Stock subject to the Stock Right. Any ISO surrendered pursuant to the provisions of this Section 15 shall be deemed to have been converted into a NSO immediately prior to such surrender.

16. Effective Date and Term of Plan. The Plan shall become effective at such time as it has been adopted by the Board (the *Effective Date*). The Plan shall continue in effect for a term of ten (10) years from the Effective Date unless sooner terminated. The Plan shall be subject to approval by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted by the Board. Such stockholder approval shall be obtained in the degree and manner required under the Applicable Laws. Any ISO awarded or exercised before stockholder approval is obtained shall be subject to automatic conversion into an NSO, without the consent of the grantee if such stockholder approval is not obtained within twelve (12) months after the date the Plan is adopted by the Board.

17. Amendment, Suspension, or Termination of Plan

(a) The Board may at any time amend, suspend or terminate the Plan in any respect, except that it may not, without the approval of the stockholders obtained within twelve (12) months before or after the Board adopts a resolution authorizing any of the following actions, do any of the following:

- (i) increase the total number of shares that may be issued under the Plan (except by adjustment pursuant to Section 13);
- (ii) modify the provisions of Section 3 regarding eligibility for grants of ISOs;
- (iii) modify the provisions of Section 6(b) regarding the exercise price at which shares may be offered pursuant to ISOs (except by adjustment pursuant to Section 13); or
- (iv) extend the expiration date of the Plan.

(b) Except as provided in Section 13(b) and this Section 17, in no event may action of the Board or stockholders adversely alter or impair the rights of a grantee, without his or her consent, under any Stock Right previously granted.

18. Conversion of ISOs into NSOs; Termination of ISOs. The Committee, with the consent of any optionee, may in its discretion take such actions as may be necessary to convert an optionee's ISOs (or any installments or portions of installments thereof) that have not been exercised on the date of conversion into NSOs at any time prior to the expiration of such ISOs. These actions may include, but not be limited to, accelerating the exercisability, extending the exercise period or reducing the exercise price of the appropriate installments of optionee's Options. At the time of such conversion, the Committee (with the consent of the optionee) may impose these conditions on the exercise of the resulting NSOs as the Committee in its discretion may determine, provided that the conditions shall not be inconsistent with the Plan. Nothing in the Plan shall be deemed to give any optionee the right to have such optionee's ISOs converted into NSOs, and no conversion shall occur until and unless the Committee takes appropriate action. The Committee, with the consent of the optionee, may also terminate any portion of any ISO that has not been exercised at the time of termination.

19. Withholding of Taxes.

(a) As a condition of the grant, vesting, and/or exercise of any Stock Right under the Plan, the Company may require the grantee (or other person holding or exercising such rights pursuant to the Plan and award agreement) to pay to the Company (or otherwise provide for the full satisfaction of) an amount equal to the U.S. federal, state, local, or foreign tax withholding obligation of the Company or any other required deduction or payments that may arise in connection with an award made pursuant to the Plan. The Company shall not be required to issue any shares of Series B Common Stock under the Plan until such obligations have been satisfied.

(b) At the sole and absolute discretion of the Committee, the holder of Stock Rights may pay all or any part of the total obligation described in Section 19(a) above by tendering already-owned shares of Series B Common Stock or by directing the Company to withhold shares of Series B Common Stock otherwise to be transferred to the holder of such Stock Rights as a result of the exercise or receipt thereof in an amount equal to the estimated amount of such obligation, provided that no more shares may be withheld than are necessary to satisfy the holder's actual obligation with respect to the grant, vesting, or exercise of Stock Rights. In such event, the holder of Stock Rights must, however, notify the Committee of his or her desire to pay all or any part of the total estimated federal and state income tax liability arising out of the grant, vesting, and/or exercise of any Stock Right by tendering already-owned shares of Series B Common Stock or having shares of Series B Common Stock withheld prior to the date that the obligation is to be determined. For purposes of this Section 19(b), shares of Series B Common Stock shall be valued at their Fair Market Value on the date that the amount of the tax withholdings is to be determined.

20. Notice to Company of Disqualifying Disposition. Each employee who receives an ISO must agree to notify the Company in writing immediately after the employee makes a Disqualifying Disposition (as defined below) of any Series B Common Stock acquired pursuant to the exercise of an ISO. A "**Disqualifying Disposition**" is any disposition (including any sale) of such Series B Common Stock within either (a) two years after the date the employee was granted the ISO, or (b) one year after the date the employee acquired Series B Common Stock by exercising the ISO. If the employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

21. Section 409A. To the maximum extent possible, it is intended that the Plan and all awards made hereunder are, and shall be, exempt from or otherwise comply with the requirements of Section 409A of the Code, the regulations other guidance issued thereunder by the United States Department of Treasury (whether issued before or after the Effective Date), and all state laws of similar effect (collectively, "Section 409A"), and that the Plan and all award agreements made hereunder shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the consequences Section 409A(a)(1) of the Code. In the event that any (i) provision of the Plan or an award agreement hereunder, (ii) award, payment, or transaction hereunder, or (iii) other action or arrangement contemplated by the provisions of the Plan is determined by the Committee to not be exempt from or comply with the applicable requirements of Section 409A, the Committee shall have the authority to take such actions and to make such changes to the Plan or an award agreement as the Committee deems necessary to comply with such requirements and/or preserve the intended tax treatment of the benefits provided with respect to any affected award, without the consent of any grantee. No payment that constitutes deferred compensation under Section 409A that would otherwise be made under the Plan or an award agreement upon a termination of Continuous Service will be made or provided unless and until such termination is also a "separation from service," as determined in accordance with Section 409A. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on a grantee by Section 409A or any damages for failing to comply with Section 409A.

22. Governing Law: Construction. The validity and construction of the Plan and the instruments evidencing Stock Rights shall be governed by the laws of the State of North Carolina. In construing this Plan, the singular shall include the plural and the masculine gender shall include the feminine and neuter, unless the context otherwise requires.

23. Lock-up Agreement. Each recipient of securities pursuant to the Plan agrees that such recipient will not, without the prior written consent of the managing underwriter, if any, during the period commencing on the date of the final prospectus relating to the registration by the Company of shares of its Series B Common Stock or any other equity securities under the Securities Act of 1933, as amended (the "Securities Act"), on a registration statement on Form S-1 or Form S-3 and ending on the date specified by the Company and such managing underwriter (such period not to exceed one hundred eighty (180) days in the case of the Company's first firm commitment underwritten offering of its equity securities under the Securities Act (the "IPO"), or ninety (90) days in the case of any registration other than the IPO, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports, and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto, (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Series B Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Series B Common Stock (whether such shares or any such securities are then owned by the recipient or are thereafter acquired), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Series B Common Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 23 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, or the transfer of any shares to or from any trust for the direct or indirect benefit of the grantee or the immediate family of the grantee, provided that the transferee agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value. The underwriters in connection with such registration are intended third-party beneficiaries of this Section 23 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each recipient of securities hereunder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Section 23 or that are necessary to give further effect thereto.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the securities of each recipient of securities hereunder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

24. Addenda. The Committee may approve such addenda to the Plan as it may consider necessary or appropriate for the purpose of granting Stock Rights to grantees, which Stock Rights may contain such terms and conditions as the Committee deems necessary or appropriate to accommodate differences in local law, tax policy or custom, which may deviate from the terms and conditions set forth in this Plan. The terms of any such addenda shall supersede the terms of the Plan to the extent necessary to accommodate such differences but shall not otherwise affect the terms of the Plan as in effect for any other purpose.

FATHOM HOLDINGS INC.
2017 STOCK PLAN

RESTRICTED STOCK AWARD AGREEMENT

This Restricted Stock Award Agreement (this “**Agreement**”) is made by and between Fathom Holdings Inc. (the “**Company**”) and _____ (“**Grantee**”) effective as of _____ (the “**Date of Grant**”). This Agreement sets forth the terms and conditions associated with the Company’s award to Grantee of shares of the Company’s Common Stock pursuant to the Fathom Holdings Inc. 2017 Stock Plan (the “**Plan**”) for the number of Shares set forth below. Capitalized terms not explicitly defined in this Agreement but defined in the Plan have the same definitions as in the Plan.

1. Grant of Stock. The Company hereby agrees to issue to Grantee _____ (####) shares of the Company’s Common Stock (the “**Shares**”). All of the Shares received by the Grantee from the Company pursuant to this Agreement are subject to the terms of this Agreement, including but not limited to options by the Company to repurchase such Shares in certain cases and a right of first refusal. All references to the number of Shares will be appropriately adjusted to reflect any stock split, stock dividend, or other change in capitalization that may be made by the Company after the date of this Agreement, as provided in Section 13 of the Plan.

2. Vesting. The Shares will vest as described on Exhibit A hereto, subject to Grantee’s Continuous Service with the Company or an Affiliate. Vesting will terminate upon the termination of Grantee’s Continuous Service.

3. Company’s Repurchase Option. The Shares are subject to the Company’s Repurchase Option, as described below.

(a) Triggering Event. As used herein, the term “**Triggering Event**” means a termination of the Grantee’s Continuous Service with the Company and all Affiliates thereof for any reason.

(b) Repurchase Option. In the event that a Triggering Event occurs, the Company will have an option (the “**Repurchase Option**”) for a period of ninety (90) days from the date of such event (as reasonably fixed and determined by the Company), to repurchase (i) any of the Shares that are not vested under the vesting schedule set forth on Exhibit A hereto as of the date of such Triggering Event (the “**Unvested Shares**”), and/or (ii) any of the Shares that are vested under the vesting schedule set forth on Exhibit A hereto as of the date of such Triggering Event (the “**Vested Shares**”). The purchase price upon the exercise of the Repurchase Option will be the “**Repurchase Price**” determined in accordance with Section 3(d) below.

(c) Exercise of Repurchase Option. If the Company, or its assignee(s), elects to exercise the Repurchase Option, it will be exercised by written notice to the Grantee, which notice will specify the number of Shares, the Repurchase Price, and the time (not later than 30 days from the date of the notice) and place for the closing of the repurchase of the Shares.

(d) Repurchase Price. The “**Repurchase Price**” for the Shares will be determined as follows:

(i) If the Triggering Event is a termination of Grantee’s Continuous Service for Cause (as defined in the Plan) then the Repurchase Price for all Shares, whether Vested Shares or Unvested Shares, will be the original purchase price per share paid by Grantee in connection with the acquisition of the Shares, if any, provided that if Grantee did not pay a purchase price in connection with the acquisition of the Shares, the Repurchase Price will be \$0.00/share.

(ii) In the event that the Company reasonably determines that the Grantee has violated any non-competition, non-solicitation, non-disclosure, or other similar restrictive covenants between Grantee and the Company or any of its Affiliates, then the Repurchase Price for the Shares, whether Vested Shares or Unvested Shares, will be the original purchase price per share paid by Grantee in connection with the acquisition of the Shares, if any, provided that if Grantee did not pay a purchase price in connection with the acquisition of the Shares, the Repurchase Price will be \$0.00/share.

(iii) In all other cases, the Repurchase Price for any Vested Shares will be the Fair Market Value, determined by the Company in accordance with the Plan, as of the date of the Triggering Event (as reasonably fixed and determined by the Company), and the Repurchase Price for any Unvested Shares will be the original purchase price per share paid by Grantee in connection with the acquisition of the Shares, if any, provided that if Grantee did not pay a purchase price in connection with the acquisition of the Shares, the Repurchase Price will be \$0.00/share.

(e) Transfer of Ownership. Upon delivery of the notice described in Section 3(c) and payment of the Repurchase Price in accordance with this Section 3, the Company will become the legal and beneficial owner of the Shares being repurchased and all rights and interests therein or relating thereto, and the Company will have the right to retain and transfer to its own name the number of Shares being repurchased by the Company.

4. Release of Shares from Repurchase Option. In the event the Repurchase Option is triggered pursuant to a Triggering Event and the Company (or its assigns) fails to exercise the Company’s option for the repurchase of any or all of the Shares then, upon the expiration of the 90-day option period, any and all such Shares not repurchased by the Company will be released from the Repurchase Option. Upon the release of the Repurchase Option, any Unvested Shares will immediately vest.

5. Ownership Rights. Grantee, as beneficial owner of the Shares, will have full voting rights with respect to the Shares during and after the vesting period, except to the extent repurchased pursuant to the Repurchase Option. Grantee will be entitled to receive dividends with respect to Unvested Shares prior to the vesting of such Shares as follows: (a) any regular cash dividends paid with respect to an Unvested Share will be retained by the Company and will be paid to Grantee, without interest, within thirty (30) days after the associated Share vests as provided in Section 2 hereof, and will be forfeited if and when the associated Share is repurchased, and (b) any property (other than cash) distributed with respect to an Unvested Share (including without limitation a distribution of stock by reason of a stock dividend, stock split, or otherwise, or a distribution of other securities with respect to an associated Share) will be subject to the restrictions of this Agreement in the same manner and for so long as the associated Share remains subject to those restrictions, and will be forfeited if and when the associated Share is repurchased or will vest if and when the associated Share vests. If any Shares are repurchased pursuant to the Repurchase Option, then, on the date of such repurchase, Grantee will no longer have any rights as a stockholder with respect to such repurchased Shares or any interest therein.

6. Conditions to Issuance of Shares.

(a) In the event the Shares have not been registered under the Securities Act, then Grantee will, if required by the Company and as a condition to the issuance of the Shares, deliver to the Company an Investment Representation Statement in substantially the form attached hereto as Exhibit B.

(b) If required by the Committee in its discretion, Grantee will execute a joinder agreement (in form acceptable to the Committee) such that Grantee will become a party to any stockholders agreement, investor rights agreement, or similar as may be entered into from time to time by and among the Company and the holders of the Company's stock. Any such agreement may contain restrictions on the transferability of shares of the Company's Common Stock acquired pursuant to this Option (such as a right of first refusal or a prohibition on transfer) and such shares may be subject to call rights and drag-along rights of the Company and certain of its stockholders. The Company will also have any repurchase rights set forth in such agreements, the Plan or this Agreement.

(c) No Shares will be issued pursuant to this Agreement unless and until all then applicable requirements imposed by federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any exchanges upon which the Shares may be listed, have been fully met. The Company may impose such conditions on any Shares issuable pursuant to this Agreement as it may deem advisable, including, without limitation, restrictions under the Securities Act, under the requirements of any exchange upon which shares of the same class are then listed and under any blue sky or other securities laws applicable to those Shares.

7. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. The Grantee acknowledges that the certificates evidencing the Shares will be endorsed with a legend, in addition to any other legends required by any other agreement to which the Shares are subject, substantially as follows:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE ISSUER'S STOCK PLAN AND THE RESTRICTED STOCK AWARD AGREEMENT RELATING TO THESE SHARES, COPIES OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Grantee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement, or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any Grantee or other transferee to whom such Shares shall have been so transferred.

8. **Restrictions on Transfer**. None of the Unvested Shares or any beneficial interest therein may be transferred, pledged, hypothecated, encumbered or otherwise disposed of in any way. All transferees of Shares or any interest therein (including Permitted Transferees) will receive and hold such Shares or interest subject to the provisions of this Agreement, and will agree in writing to take such Shares or interest therein subject to all the terms of this Agreement, including restrictions on further transfer. Any sale or transfer of the Company's Shares will be void unless the provisions of this Agreement are met.

9. **Company's Right of First Refusal**. Before any Shares held by Grantee or any transferee (either being sometimes referred to herein as the "**Holder**") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "**Right of First Refusal**").

(a) Notice of Proposed Transfer. The Holder of the Shares shall deliver to the Company a written notice (the "**Notice**") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares; (ii) the name of each proposed transferee or other recipient of the Shares ("**Proposed Transferee**"); (iii) the number of Shares to be transferred to each Proposed Transferee; and (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Shares (the "**Offered Price**"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(b) Exercise of Right of First Refusal. At any time within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all, but not less than all, of the Shares proposed to be transferred to any one or more of the Proposed Transferees, at the purchase price determined in accordance with subsection (c) below.

(c) Purchase Price. The purchase price ("**Purchase Price**") for the Shares purchased by the Company or its assignee(s) under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the noncash consideration shall be determined by the Committee in good faith.

(d) Payment. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash, by check, by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) after receipt of the Notice or in the manner and at the times set forth in the Notice.

(e) Holder's Right to Transfer. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other transfer is consummated within ninety (90) days after the date of the Notice and provided further that any such sale or other transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

(f) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the transfer of any or all of the Shares during the Grantee's lifetime or on the Grantee's death by will or intestacy to the Grantee's immediate family or a trust for the benefit of the Grantee's immediate family shall be exempt from the provisions of this Section. "**Immediate Family**" as used herein shall mean Grantee's spouse, parent, other lineal descendant or antecedent, or sibling. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Section, and there shall be no further transfer of such Shares except in accordance with the terms of this Section.

(g) Refusal to Transfer. The Company will not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or the Plan; or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to transferee to whom such Shares will have been so transferred.

(h) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to all Shares ninety (90) days after the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act.

10. Tax Consequences.

(a) The Grantee has reviewed with the Grantee's own tax advisors the federal, state, local and foreign (if applicable) tax consequences of the grant of the Shares and the transactions contemplated by this Agreement. The Grantee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Grantee (and not the Company) will be responsible for the Grantee's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

(b) The Grantee understands that Section 83 of the Code taxes as ordinary income the difference between the amount paid for the Shares and the fair market value of the Shares as of the date any restrictions on the Shares lapse. The Grantee understands that he/she may elect to be taxed at the time the Shares are received rather than when and as the Repurchase Option expires by filing an election under Section 83(b) of the Code with the I.R.S. within 30 days from the date of purchase. If the Grantee makes any tax election relating to the treatment of the Shares under the Code, at the time of such election the Grantee will promptly notify the Company of such election.

(c) THE GRANTEE ACKNOWLEDGES THAT IT IS THE GRANTEE'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S OR ITS REPRESENTATIVES' TO FILE TIMELY THE ELECTION UNDER SECTION 83(b), EVEN IF THE GRANTEE REQUESTS THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON THE GRANTEE'S BEHALF.

(d) Grantee understands that, at the time that the Shares are granted, or at the time of vesting, Grantee may incur tax obligations under federal, state, local, and/or foreign law, and the Company may be required to withhold amounts from Grantee's compensation or otherwise collect from Grantee related to such obligations. Grantee agrees that the Company (or an Affiliate) may satisfy such withholding obligations relating to the Shares by any of the following means or by a combination of such means, in the Company's discretion: (i) withholding from any compensation otherwise payable to the Grantee by the Company; (ii) causing the Grantee to tender a cash payment; or (iii) withholding Shares with a Fair Market Value (measured as of the date the tax withholding obligations are to be determined) equal to the amount of such tax withholding obligations from the Shares otherwise issuable to Grantee; provided, however, that the number of such Shares so withheld will not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (or such lesser amount as may be necessary to avoid classification of the Shares as a liability for financial accounting purposes). Grantee understands that all matters with respect to the total amount of taxes to be withheld in respect of such compensation income will be determined by the Company in its reasonable discretion. Grantee further understands that, although the Company will pay withheld amounts to the applicable taxing authorities, the Grantee remains responsible for payment of all taxes due as a result of income arising under the Agreement.

11. Award Not a Service Contract. This Agreement is not employment or service contract, and nothing in this Agreement creates or will be deemed to create in any way whatsoever any obligation on Grantee's part to continue in the service of the Company or any Affiliate, or of the Company or any Affiliate to continue Grantee's service.

12. Governing Plan Document. This Agreement is subject to all the provisions of the Plan, the provisions of which are hereby made a part of this Agreement, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of this Agreement and those of the Plan, the provisions of the Plan shall control.

13. Miscellaneous.

(a) Notices. Any notice, demand or request required or permitted to be given pursuant to the terms of this Agreement shall be in writing and shall be deemed given when delivered personally, one day after deposit with a recognized international delivery service (such as FedEx), or three days after deposit in the U.S. mail, first class, certified or registered, return receipt requested, with postage prepaid, in each case addressed to the parties at the addresses of the parties set forth at the end of this Agreement or such other address as a party may designate by notifying the other in writing.

(b) Successors and Assigns. The rights and obligations of the Company and the Grantee hereunder will be binding upon, inure to the benefit of and be enforceable against their respective successors and assigns, legal representatives and heirs. Whenever the Company has the right to repurchase Shares hereunder, whether pursuant to the Repurchase Option or otherwise, the Company may designate and assign to one or more assignees the right to exercise all or part of the Company's repurchase rights under this Agreement to purchase all or a part of such Shares.

(c) Severability. The provisions of this Agreement are severable, and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, then the remaining provisions will nevertheless be binding and enforceable.

(d) Amendment. Except as otherwise provided in the Plan, this Agreement will not be amended unless the amendment is agreed to in writing by both the Grantee and the Company.

(e) Choice of Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of North Carolina, without giving effect to the choice of law rules of any jurisdiction.

(f) Entire Agreement. This Agreement, along with the Plan, constitutes the entire agreement between the parties hereto with regard to the subject matter hereof, and supersedes any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to such subject matter.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company and the Grantee have executed this Restricted Stock Award Agreement effective as of the Date of Grant.

COMPANY:

Fathom Holdings Inc.

By: _____

Name: _____

Title: _____

Address: _____

GRANTEE:

[NAME]

_____ (SEAL)

Address: _____

EXHIBIT A

VESTING SCHEDULE

The Shares are unvested when granted, and will vest as described below, subject to Grantee's Continuous Service with the Company or an Affiliate. Vesting will terminate upon the termination of Grantee's Continuous Service.

For purposes of this Exhibit A, the "**Vesting Commencement Date**" is _____.

One Hundred Percent of the Shares shall vest on the Vesting Commencement Date.

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

GRANTEE: _____

COMPANY: Fathom Holdings Inc. (the "Company")

SECURITY: Common Stock

AMOUNT: _____ Shares

In connection with the purchase of the above-described securities, the undersigned Grantee represents to the Company the following.

1. Grantee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the securities. Grantee is purchasing the securities for investment for Grantee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "**Securities Act**").

2. Grantee understands that the securities have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Grantee's investment intent as expressed herein.

3. Grantee further understands that the securities must be held indefinitely unless subsequently registered under the Securities Act or unless an exemption from registration is available. Moreover, Grantee understands that the Company is under no obligation to register the securities. In addition, Grantee understands that the certificate evidencing the securities will be imprinted with a legend that prohibits the transfer of the securities unless they are registered or such registration is not required in the opinion of counsel for the Company.

4. Grantee is familiar with the provisions of Rules 144 and 701, promulgated under the Securities Act, that permit limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer thereof (or from an affiliate of such issuer) in a nonpublic offering, subject to the satisfaction of certain conditions.

Subject to any lock-up agreement, in the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), the securities exempt under Rule 701 may be resold by the Grantee 90 days thereafter, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (a) the sale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as that term is defined under the Exchange Act); and (b) in the case of an affiliate, the availability of certain public information about the Company, and the amount of securities being sold during any three-month period not exceeding the limitations specified in Rule 144(e), if applicable.

If the purchase of the securities does not qualify under Rule 701 at the time of purchase, then the securities may be resold by the Grantee in certain limited circumstances subject to the provisions of Rule 144. For nonaffiliates, resales under Rule 144 will be permitted after the Grantee has held the shares for six months if certain public information about the Company is available, and may be sold freely after the Grantee has held the shares for one year. For affiliates, resales under Rule 144 will be permitted after the Grantee has held the shares for six months if: (a) certain public information about the Company is available; (b) the amount of securities being sold during any three-month period does not exceed specified limitations; and (c) the sale is made through a broker in an unsolicited “broker’s transaction” or in transactions directly with a market maker (as that term is defined under the Exchange Act) and (d) the affiliate makes a Form 144 filing, if required

5. Grantee further understands that at the time Grantee wishes to sell the securities there may be no public market upon which to make such a sale, and that, even if such a public market then exists, the Company may not be satisfying the current public information requirements of Rules 144 or 701, and that, in such event, Grantee would be precluded from selling the securities under Rules 144 or 701 even if the six month minimum holding period had been satisfied; however, Grantee may be able to sell the securities pursuant to the exemptions contained in Rule 144 if a one-year holding period has been satisfied.

6. Grantee further understands that in the event all of the applicable requirements of Rules 144 or 701 are not satisfied, registration under the Securities Act or some registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the SEC has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their brokers who participate in such transactions do so at their own risk.

Date:

Signature of Grantee:

FATHOM HOLDINGS INC.

2019 OMNIBUS STOCK INCENTIVE PLAN

Approved by the Board: August 6, 2019

Approved by the Shareholders: August 8, 2019

1. **Purposes of the Plan.** The purposes of this Plan are to attract and retain the best available personnel; to provide additional incentives to Employees, Directors and Consultants to contribute to the successful performance of the Company and any Related Entities; to promote the growth of the market value of the Company's Common Stock; to align the interests of Grantees with those of the Company's shareholders; and to promote the success of the Company's business.

2. **Definitions.** The following definitions shall apply as used herein and in all individual Award Agreements except as a term may be otherwise defined in an individual Award Agreement. In the event a term is separately defined in an individual Award Agreement, such definition shall supersede the definition contained in this Section 2.

(a) "**Administrator**" means the Plan Administrator as described in Section 4.

(b) "**Applicable Laws**" means the legal requirements relating to the Plan and the Awards under applicable provisions of federal and state securities laws, the corporate laws of North Carolina, and, to the extent other than North Carolina, the corporate law of the state of the Company's incorporation, the Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to Awards granted to residents therein.

(c) "**Assumed**" means, with respect to an Award, that pursuant to a Corporate Transaction either (i) the Award is expressly affirmed by the Company or (ii) the contractual obligations represented by the Award are expressly assumed (and not simply by operation of law) by the successor entity or its Parent in connection with the Corporate Transaction with appropriate adjustments to the number and type of securities of the successor entity or its Parent subject to the Award and the exercise or purchase price thereof which at least preserves the compensation element of the Award existing at the time of the Corporate Transaction as determined in accordance with the instruments evidencing the agreement to assume the Award.

(d) "**Award**" means the grant of an Option, SAR, Dividend Equivalent Right, Restricted Stock, Restricted Stock Unit, or other right or benefit under the Plan.

(e) "**Award Agreement**" means the written agreement evidencing the grant of an Award executed by the Company and the Grantee, including any amendments thereto.

(f) "**Board**" means the Board of Directors of the Company.

(g) "**Cause**" means, with respect to the termination by the Company or a Related Entity of a Grantee's Continuous Service:

(i) that such termination is for “Cause” as such term (or word of like import) is expressly defined in a then-effective written employment agreement, consulting agreement, service agreement or other similar agreement between the Grantee and the Company or such Related Entity, provided, however, that with regard to any agreement that defines “Cause” on the occurrence of or in connection with a Corporate Transaction, such definition of “Cause” shall not apply until a Corporate Transaction actually occurs; or

(ii) in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator: (A) the Grantee’s performance of any act, or failure to perform any act, in bad faith and to the detriment of the Company or a Related Entity; (B) the Grantee’s dishonesty, intentional misconduct or material breach of any agreement with the Company or a Related Entity; (C) the Grantee’s material breach of any noncompetition, confidentiality or similar agreement with the Company or a Related Entity, as determined under such agreement; (D) the Grantee’s commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person; (E) the Grantee’s engaging in acts or omissions constituting gross negligence, misconduct or a willful violation of a Company or a Related Entity policy which is or is reasonably expected to be materially injurious to the Company and/or a Related Entity; or (F) if the Grantee is an Employee, the Grantee’s failure to follow the reasonable instructions of the Board or such Grantee’s direct supervisor, which failure, if curable, is not cured within ten (10) days after notice to such Grantee or, if cured, recurs within one hundred eighty (180) days.

(h) “**Code**” means the Internal Revenue Code of 1986, as amended, or any successor statute.

(i) “**Committee**” means any committee composed of members of the Board appointed by the Board to administer the Plan.

(j) “**Common Stock**” means the Company’s common stock, par value \$0.01 per share.

(k) “**Company**” means Fathom Holdings Inc., a North Carolina corporation, or any successor entity that adopts the Plan in connection with a Corporate Transaction.

(l) “**Consultant**” means any person (other than an Employee or a Director, solely with respect to rendering services in such person’s capacity as a Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(m) “**Continuous Service**” means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. A Grantee’s Continuous Service shall be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the Grantee provides services ceasing to be a Related Entity. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Related Entity, or any successor in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement). An approved leave of absence for purposes of this Plan shall include sick leave, military leave, or any other authorized personal leave, so long as the Company or Related Entity has a reasonable expectation that the individual will return to provide services for the Company or Related Entity, and provided further that the leave does not exceed six (6) months, unless the individual has a statutory or contractual right to re-employment following a longer leave. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds three (3) months, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a Non-Statutory Stock Option beginning on the day three (3) months and one (1) day following the expiration of such three (3) month period.

(n) “**Corporate Transaction**” means any of the following transactions, provided, however, that the Administrator shall determine under parts (iv) and (v) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(iii) the complete liquidation or dissolution of the Company;

(iv) any reverse merger or series of related transactions culminating in a reverse merger (including, but not limited to, a tender offer followed by a reverse merger) in which the Company is the surviving entity but (A) the Shares outstanding immediately prior to such merger are converted or exchanged by virtue of the merger into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger or the initial transaction culminating in such merger; or

(v) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company’s outstanding securities.

(o) “**Data**” has the meaning set forth in Section 22 of this Plan.

(p) “**Director**” means a member of the Board or the board of directors of any Related Entity.

(q) “**Disability**” means a “disability” (or word of like import) as defined under the long-term disability policy of the Company or the Related Entity to which the Grantee provides services regardless of whether the Grantee is covered by such policy. If the Company or the Related Entity to which the Grantee provides service does not have a long-term disability plan in place, “Disability” means that a Grantee is unable to carry out the responsibilities and functions of the position held by the Grantee by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Grantee will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Administrator.

(r) “**Disqualifying Disposition**” means any disposition (including any sale) of Common Stock received upon exercise of an Incentive Stock Option before either (i) two years after the date the Employee was granted the Incentive Stock Option, or (ii) one year after the date the Employee acquired Common Stock by exercising the Incentive Stock Option. If the Employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

(s) “**Dividend Equivalent Right**” means a right entitling the Grantee to compensation measured by dividends paid with respect to Common Stock.

(t) “**Employee**” means any person, including an Officer or Director, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment of a director’s fee by the Company or a Related Entity shall not be sufficient to make such person an “Employee” of the Company or a Related Entity.

(u) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(v) “**Fair Market Value**” means, as of any date, the value of the Common Stock determined as follows.

(i) If the Common Stock is listed on one or more established stock exchanges or national market systems, including without limitation The NASDAQ Global Select Market, The NASDAQ Global Market, or The NASDAQ Capital Market of The NASDAQ Stock Market LLC, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Common Stock is listed (as determined by the Administrator) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in the *Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted on an automated quotation system (including the OTC Markets and the systems maintained by OTC Markets Group Inc.) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such stock as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in the *Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Administrator in good faith by application of a reasonable valuation method consistently applied and taking into consideration all available information material to the value of the Company in a manner in compliance with Section 409A of the Code, or in the case of an Incentive Stock Option, in a manner in compliance with Section 422 of the Code.

(w) “**Grantee**” means an Employee, Director or Consultant who receives an Award under the Plan.

(x) “**Incentive Stock Option**” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(y) “**Non-Statutory Stock Option**” means an Option not intended to qualify as an Incentive Stock Option.

(z) “**Officer**” means a person who is an officer of the Company or a Related Entity within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(aa) “**Option**” means an option to purchase one or more Shares pursuant to an Award Agreement granted under the Plan.

(bb) “**Parent**” means a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.

(cc) “**Performance Period**” means the time period during which specified performance criteria must be met in connection with the vesting of an Award as determined by the Administrator.

(dd) “**Plan**” means this Fathom Holdings Inc. 2019 Omnibus Stock Incentive Plan, as the same may be amended from time to time.

(ee) “**Post-Termination Exercise Period**” means the period specified in the Award Agreement of not less than thirty (30) days commencing on the date of termination (other than termination by the Company or any Related Entity for Cause) of the Grantee’s Continuous Service, or such longer period as may be applicable upon death or Disability.

(ff) “**Related Entity**” means any Parent or Subsidiary of the Company.

(gg) “**Restricted Stock**” means Shares issued under the Plan to the Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.

(hh) “**Restricted Stock Units**” means an Award which may be earned in whole or in part upon the passage of time or the attainment of performance criteria established by the Administrator and which may be settled for cash, Shares or other securities or a combination of cash, Shares or other securities as established by the Administrator.

(ii) “**Rule 16b-3**” means Rule 16b-3 promulgated by the Securities and Exchange Commission pursuant to the Exchange Act, as such rule may be amended, and includes any successor provisions thereto.

(jj) “**SAR**” means a stock appreciation right entitling the Grantee to Shares or cash compensation, as established by the Administrator, measured by appreciation in the value of Common Stock.

(kk) “**Share**” means a share of the Common Stock.

(ll) “**Subsidiary**” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.

(mm) “**Tax Obligations**” means all income tax, social insurance, payroll tax, fringe benefits tax, or other tax-related liabilities related to a Grantee’s participation in the Plan and the receipt of any benefits hereunder, as determined under the Applicable Laws.

3. Stock Subject to the Plan.

(a) Subject to adjustment as described in Section 13 below, the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Stock Options) is Five Million (5,000,000) Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) Any Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expires (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan, except that the maximum aggregate number of Shares which may be issued pursuant to the exercise of Incentive Stock Options shall not exceed the number specified in Section 3(a). Shares that actually have been issued under the Plan pursuant to an Award shall not be returned to the Plan and shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited or repurchased by the Company, such Shares shall become available for future grant under the Plan. In the event any Option or other Award granted under the Plan is exercised through the tendering of Shares (either actually or through attestation), or in the event tax withholding obligations are satisfied by tendering or withholding Shares, any Shares so tendered or withheld shall not again be available for awards under the Plan. To the extent that cash in lieu of Shares is delivered upon the exercise of a SAR pursuant to Section 6(m), the Company shall be deemed, for purposes of applying the limitation on the number of shares, to have issued the number of Shares that it was entitled to issue upon such exercise or on the exercise of any related Option, notwithstanding that cash was issued in lieu of such Shares. Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Options shall not be available for awards under the Plan.

4. Administration of the Plan.

(a) Plan Administrator.

(i) Administration with Respect to Directors and Officers. With respect to grants of Awards to Directors or Employees who are also Officers or Directors of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws and to permit such grants and related transactions under the Plan to be exempt from Section 16(b) of the Exchange Act in accordance with Rule 16b-3. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(ii) Administration With Respect to Consultants and Other Employees. With respect to grants of Awards to Employees or Consultants who are neither Directors nor Officers of the Company, the Plan shall be administered by (A) the Board or (B) a Committee designated by the Board, which Committee shall be constituted in such a manner as to satisfy the Applicable Laws. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board.

(b) Multiple Administrative Bodies. The Plan may be administered by different bodies with respect to Directors, Officers, Consultants, and Employees who are neither Directors nor Officers.

(c) Powers of the Administrator. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

(i) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(ii) to determine whether and to what extent Awards are granted hereunder;

(iii) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the type, terms and conditions of any Award granted hereunder;

(vi) to establish additional terms, conditions, rules or procedures to accommodate the rules or laws of applicable non-U.S. jurisdictions and to afford Grantees favorable treatment under such rules or laws; provided, however, that no Award shall be granted under any such additional terms, conditions, rules or procedures with terms or conditions which are inconsistent with the provisions of the Plan;

(vii) to amend the terms of any outstanding Award granted under the Plan, provided that any amendment that would adversely affect the Grantee's rights under an outstanding Award shall not be made without the Grantee's written consent; provided, however, that an amendment or modification that may cause an Incentive Stock Option to become a Non-Statutory Stock Option shall not be treated as adversely affecting the rights of the Grantee;

(viii) to construe and interpret the terms of the Plan and Awards, including without limitation, any notice of award or Award Agreement, granted pursuant to the Plan;

(ix) to institute an option exchange program;

(x) to make other determinations as provided in this Plan; and

(xi) to take such other action, not inconsistent with the terms of the Plan, as the Administrator deems appropriate.

The express grant in the Plan of any specific power to the Administrator shall not be construed as limiting any power or authority of the Administrator; provided that the Administrator may not exercise any right or power reserved to the Board. Any decision made, or action taken, by the Administrator or in connection with the administration of this Plan shall be final, conclusive and binding on all persons having an interest in the Plan.

(d) Indemnification. In addition to such other rights of indemnification as they may have as members of the Board or as Officers or Employees of the Company or a Related Entity, members of the Board and any Officers or Employees of the Company or a Related Entity to whom authority to act for the Board, the Administrator or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law on an after-tax basis against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding, except in relation to such liabilities, costs, and expenses as may arise out of, or result from, the bad faith, gross negligence, willful misconduct, or criminal acts of such persons; provided, however, that within thirty (30) days after the institution of such claim, investigation, action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at the Company's expense to defend the same.

(e) Applicability of Certain Provisions. Those provisions of the Plan that make express reference to the Exchange Act or Rule 16b-3 shall apply to the Company only at such time as the Company is subject to the reporting requirements of the Exchange Act, and then only to such persons as are required to file reports under Section 16(a) of the Exchange Act.

5. Eligibility. Awards other than Incentive Stock Options may be granted to Employees, Directors, and Consultants of the Company and any Related Entity. Incentive Stock Options may be granted only to Employees of the Company or a Related Entity. An Employee, Director, or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards. Awards may be granted to such Employees, Directors, or Consultants who are residing in non-U.S. jurisdictions as the Administrator may determine from time to time.

6. Terms and Conditions of Awards

(a) Types of Awards. The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Shares, (ii) cash or (iii) an Option, a SAR, or similar right with a fixed or variable price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions. Such awards include, without limitation, Options, SARs, sales or bonuses of Restricted Stock, Restricted Stock Units, and Dividend Equivalent Rights. An Award may consist of one such security or benefit, or two or more of them in any combination or alternative.

(b) Designation of Award. Each Award shall be evidenced by an Award Agreement in form and substance satisfactory to the Administrator. The type of each Award shall be designated in the Award Agreement. In the case of an Option, the Option shall be designated as either an Incentive Stock Option or a Non-Statutory Stock Option. However, notwithstanding such designation, an Option will qualify as an Incentive Stock Option under the Code only to the extent the \$100,000 limitation of Section 422(d) of the Code is not exceeded. The \$100,000 limitation of Section 422(d) of the Code is calculated based on the aggregate Fair Market Value of the Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Related Entity). For purposes of this calculation, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the grant date of the relevant Option. Any Option granted which fails to satisfy the requirements of the Applicable Laws for treatment as an Incentive Stock Option shall be a Non-Statutory Stock Option.

(c) Conditions of Award. Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria that may be established by the Administrator. Shares issued and delivered to Grantees shall bear such restrictive legends as the Administrator shall deem necessary or advisable pursuant to applicable federal and state securities laws.

(d) Performance-Based Awards. The Administrator may include in an Award provisions such that the vesting or other realization of an Award by a Grantee will be subject to the achievement of certain performance criteria as the Administrator may determine over the course of a Performance Period determined by the Administrator.

- (i) The performance criteria will be established by the Administrator and may include any one of, or combination of, the following criteria:
- (A) Net earnings or net income (before or after taxes);
 - (B) Earnings per share;
 - (C) Net sales growth;
 - (D) Net operating profit;
 - (E) Return measures (including, but not limited to, return on assets, capital, equity, or sales);
 - (F) Cash flow (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital);
 - (G) Cash flow per share;
 - (H) Earnings before or after taxes, interest, depreciation, and/or amortization;
 - (I) Gross or operating margins;
 - (J) Productivity ratios;
 - (K) Share price (including, but not limited to, growth measures and total shareholder return);
 - (L) Expense targets or ratios;
 - (M) Charge-off levels;
 - (N) Improvement in or attainment of revenue levels;
 - (O) Margins;
 - (P) Operating efficiency;
 - (Q) Operating expenses;
 - (R) Economic value added;
 - (S) Improvement in or attainment of expense levels;
 - (T) Improvement in or attainment of working capital levels;
 - (U) Debt reduction;

(V) Capital targets; and

(W) Consummation of acquisitions, dispositions, projects or other specific events or transactions.

(ii) The Administrator may provide in any grant of an Award that any evaluation of performance may include or exclude any of the following events that occurs during a Performance Period: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles or regulations, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) Extraordinary Items (as defined below) for the applicable Performance Period, (f) mergers, acquisitions or divestitures, and (g) foreign exchange gains and losses. For this purpose, "Extraordinary Items" means extraordinary, unusual, and/or nonrecurring items of gain or loss as defined under United States generally accepted accounting principles.

(iii) Before the 90th day of the applicable Performance Period (or, if the Performance Period is less than one year, no later than the number of days which is equal to 25% of such Performance Period), the Administrator will determine the duration of the Performance Period, the performance criteria on which performance will be measured, and the amount and terms of payment/vesting upon achievement of the such criteria.

(iv) Following the completion of each Performance Period, the Administrator will certify in writing whether the applicable performance criteria have been achieved for the Awards for such Performance Period. A Grantee will be eligible to receive payment pursuant to an Award for a Performance Period only if the performance criteria for such Performance Period are achieved. In determining the amounts earned by a Grantee pursuant to an Award issued pursuant to this Section 6(d), the Administrator will have the right to (A) reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant to the assessment of individual or corporate performance for the Performance Period, (B) determine what actual Award, if any, will be paid in the event of a Corporate Transaction or in the event of a termination of employment following a Corporate Transaction prior to the end of the Performance Period, and (C) determine what actual Award, if any, will be paid in the event of a termination of employment other than as the result of a Grantee's death or Disability prior to a Corporate Transaction and prior to the end of the Performance Period to the extent an actual Award would have otherwise been achieved had the Grantee remained employed through the end of the Performance Period.

(v) Payment of the Award to a Grantee shall be paid following the end of the Performance Period, or if later, the date on which any applicable contingency or restriction has ended.

(e) Acquisitions and Other Transactions. The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, stock purchase, asset purchase or other form of transaction.

(f) Deferral of Award Payment. The Administrator may establish one or more programs under the Plan to permit selected Grantees the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Grantee to payment or receipt of Shares or other consideration under an Award. The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Administrator deems advisable for the administration of any such deferral program.

(g) Separate Programs. The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Grantees on such terms and conditions as determined by the Administrator from time to time.

(h) Individual Award Limit. No Grantee may be granted an Award of Options or SARs in any calendar year with respect to more than one million (1,000,000) Shares, or an Award of Restricted Stock, Restricted Stock Units, Dividend Equivalent Rights, or other Awards that are valued with reference to shares covering more than one million (1,000,000) Shares. The foregoing limitations shall be adjusted proportionately in connection with any change in the Company's capitalization pursuant to Section 13 below.

(i) Early Exercise. An Award Agreement may, but need not, include a provision whereby the Grantee may elect at any time while an Employee, Director or Consultant to exercise any part or all of the Award prior to full vesting of the Award. Any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Company or a Related Entity or to any other restriction the Administrator determines to be appropriate.

(j) Term of Award. The term of each Award shall be the term stated in the Award Agreement, provided, however, that the term shall be no more than ten (10) years from the date of grant thereof. However, in the case of an Incentive Stock Option granted to a Grantee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Related Entity, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Award Agreement. Notwithstanding the foregoing, the specified term of any Award shall not include any period for which the Grantee has elected to defer the receipt of the Shares or cash issuable pursuant to the Award.

(k) Transferability of Awards. Unless the Administrator provides otherwise, no award may be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Award in the event of the Grantee's death on a beneficiary designation form provided by the Administrator.

(l) Time of Granting Awards. The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such other later date as is determined by the Administrator.

(m) Stock Appreciation Rights. A SAR may be granted (i) with respect to any Option granted under this Plan, either concurrently with the grant of such Option or at such later time as determined by the Administrator (as to all or any portion of the Shares subject to the Option), or (ii) alone, without reference to any related Option. Each SAR granted by the Administrator under this Plan shall be subject to the following terms and conditions. Each SAR granted to any participant shall relate to such number of Shares as shall be determined by the Administrator, subject to adjustment as provided in Section 13. In the case of a SAR granted with respect to an Option, the number of Shares to which the SAR pertains shall be reduced in the same proportion that the holder of the Option exercises the related Option. The exercise price of a SAR will be determined by the Administrator at the date of grant but may not be less than 100% of the Fair Market Value of the Shares subject thereto on the date of grant. Subject to the right of the Administrator to deliver cash in lieu of Shares (which, as it pertains to Officers and Directors of the Company, shall comply with all applicable requirements of the Exchange Act), the number of Shares which shall be issuable upon the exercise of a SAR shall be determined by dividing:

(i) the number of Shares as to which the SAR is exercised multiplied by the amount of the appreciation in such Shares (for this purpose, the "appreciation" shall be the amount by which the Fair Market Value of the Shares subject to the SAR on the exercise date exceeds (1) in the case of a SAR related to an Option, the exercise price of the Shares under the Option or (2) in the case of a SAR granted alone, without reference to a related Option, an amount which shall be determined by the Administrator at the time of grant, subject to adjustment under Section 13); by

(ii) the Fair Market Value of a Share on the exercise date.

In lieu of issuing Shares upon the exercise of a SAR, the Administrator may elect to pay the holder of the SAR cash equal to the Fair Market Value on the exercise date of any or all of the Shares which would otherwise be issuable. No fractional Shares shall be issued upon the exercise of a SAR; instead, the holder of the SAR shall be entitled to receive a cash adjustment equal to the same fraction of the Fair Market Value of a Share on the exercise date or to purchase the portion necessary to make a whole share at its Fair Market Value on the date of exercise. The exercise of a SAR related to an Option shall be permitted only to the extent that the Option is exercisable under Section 11 on the date of surrender. Any Incentive Stock Option surrendered pursuant to the provisions of this Section 6(m) shall be deemed to have been converted into a Non-Statutory Stock Option immediately prior to such surrender.

7. Award Exercise or Purchase Price, Consideration and Taxes

(a) Exercise or Purchase Price. The exercise or purchase price, if any, for an Award shall be as follows.

(i) In the case of an Incentive Stock Option:

(1) granted to an Employee who, at the time of the grant of such Incentive Stock Option owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Related Entity, the per Share exercise price shall be not less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant; or

(2) granted to any Employee other than an Employee described in the preceding paragraph, the per Share exercise price shall be not less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(ii) In the case of a Non-Statutory Stock Option, the per Share exercise price shall be not less than one-hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(iii) In the case of other Awards, such price as is determined by the Administrator.

(iv) Notwithstanding the foregoing provisions of this Section 7(a), in the case of an Award issued pursuant to Section 6(e), above, the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award.

(b) Consideration. Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award, including the method of payment, shall be determined by the Administrator. In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following:

(i) cash;

(ii) check;

(iii) delivery of Grantee's promissory note with such recourse, interest, security, and redemption provisions as the Administrator determines as appropriate (but only to the extent that the acceptance or terms of the promissory note would not violate an Applicable Law); provided, however, that interest shall compound at least annually and shall be charged at the minimum rate of interest necessary to avoid (A) the imputation of interest income to the Company and compensation income to the Grantee under any applicable provisions of the Code, and (B) the classification of the Award as a liability for financial accounting purposes;

(iv) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised;

(v) with respect to Options, payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (A) shall provide written instructions to a broker-dealer acceptable to the Company to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written directives to the Company to deliver the certificates (or other evidence satisfactory to the Company to the extent that the Shares are uncertificated) for the purchased Shares directly to such broker-dealer in order to complete the sale transaction;

(vi) with respect to Options, payment through a "net exercise" such that, without the payment of any funds, the Grantee may exercise the Option and receive the net number of Shares equal to (i) the number of Shares as to which the Option is being exercised, multiplied by (ii) a fraction, the numerator of which is the Fair Market Value per Share (on such date as is determined by the Administrator) less the Exercise Price per Share, and the denominator of which is such Fair Market Value per Share;

(vii) past or future services actually or to be rendered to the Company or a Related Entity;

(viii) any combination of the foregoing methods of payment; or

(ix) any other method approved by the Administrator.

The Administrator may at any time or from time to time, by adoption of or by amendment to the standard forms of Award Agreement described in Section 4(c)(iv), or by other means, grant Awards which do not permit all of the foregoing forms of consideration to be used in payment for the Shares or which otherwise restrict one or more forms of consideration.

8. Notice to Company of Disqualifying Disposition. Each Employee who receives an Incentive Stock Option must agree to notify the Company in writing immediately after the Employee makes a Disqualifying Disposition of any Common Stock acquired pursuant to the exercise of an Incentive Stock Option.

9. Tax Withholding.

(a) Prior to the delivery of any Shares or cash pursuant to an Award (or the exercise thereof), or at such other time as the Tax Obligations are due, the Company, in accordance with the Code and any Applicable Laws, shall have the power and the right to deduct or withhold, or require a Grantee to remit to the Company, an amount sufficient to satisfy all Tax Obligations. The Administrator may condition such delivery, payment, or other event pursuant to an Award on the payment by the Grantee of any such Tax Obligations.

(b) The Administrator, pursuant to such procedures as it may specify from time to time, may designate the method or methods by which a Grantee may satisfy the Tax Obligations. As determined by the Administrator from time to time, these methods may include one or more of the following:

- (i) paying cash;
- (ii) electing to have the Company withhold cash or Shares deliverable to the Grantee having a Fair Market Value equal to the amount required to be withheld;
- (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the minimum amount required to be withheld or remitted, provided the delivery of such Shares will not result in any adverse accounting consequences as the Administrator determines;
- (iv) selling a sufficient number of Shares otherwise deliverable to the Grantee through such means as the Administrator may determine (whether through a broker or otherwise) equal to the Tax Obligations required to be withheld;
- (v) retaining from salary or other amounts payable to the Grantee cash having a sufficient value to satisfy the Tax Obligations; or
- (vi) any other means which the Administrator determines to both comply with Applicable Laws, and to be consistent with the purposes of the Plan.

The amount of Tax Obligations will be deemed to include any amount that the Administrator determines may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state, local and foreign marginal income tax rates applicable to the Grantee or the Company, as applicable, with respect to the Award on the date that the amount of tax or social insurance liability to be withheld or remitted is to be determined. The Fair Market Value of the Shares to be withheld or delivered shall be determined as of the date that the Tax Obligations are required to be withheld.

10. Rights As a Shareholder.

(a) Restricted Stock. Except as otherwise provided in any Award Agreement, a Grantee will not have any rights of a shareholder with respect to any of the Shares granted to the Grantee under an Award of Restricted Stock (including the right to vote or receive dividends and other distributions paid or made with respect thereto) nor shall cash dividends or dividend equivalents accrue or be paid in respect of any unvested Award of Restricted Stock, unless and until such Shares vest.

(b) Other Awards. In the case of Awards other than Restricted Stock, except as otherwise provided in any Award Agreement, a Grantee will not have any rights of a shareholder, nor will dividends or dividend equivalents accrue or be paid, with respect to any of the Shares granted pursuant to such Award until the Award is exercised or settled and the Shares are delivered (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

11. Exercise of Award.

(a) Procedure for Exercise.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and as specified in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised has been made, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 7(b)(v).

(b) Exercise of Award Following Termination of Continuous Service In the event of termination of a Grantee's Continuous Service for any reason other than Disability or death, such Grantee may, but only during the Post-Termination Exercise Period (but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the portion of the Grantee's Award that was vested at the date of such termination or such other portion of the Grantee's Award as may be determined by the Administrator. The Grantee's Award Agreement may provide that upon the termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Award shall terminate concurrently with the termination of Grantee's Continuous Service. In the event of a Grantee's change of status from Employee to Consultant, an Employee's Incentive Stock Option shall convert automatically to a Non-Statutory Stock Option on the day three (3) months and one day following such change of status. To the extent that the Grantee's Award was unvested at the date of termination, or if the Grantee does not exercise the vested portion of the Grantee's Award within the Post-Termination Exercise Period, the Award shall terminate.

(c) Disability of Grantee In the event of termination of a Grantee's Continuous Service as a result of his or her Disability, such Grantee may, but only within twelve (12) months from the date of such termination (or such longer period as specified in the Award Agreement but in no event later than the expiration date of the term of such Award as set forth in the Award Agreement), exercise the portion of the Grantee's Award that was vested at the date of such termination; provided, however, that if such Disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code, in the case of an Incentive Stock Option such Incentive Stock Option shall automatically convert to a Non-Statutory Stock Option on the day three (3) months and one day following such termination. To the extent that the Grantee's Award was unvested at the date of termination, or if Grantee does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(d) Death of Grantee In the event of a termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the death of the Grantee during the Post-Termination Exercise Period or during the twelve (12) month period following the Grantee's termination of Continuous Service as a result of his or her Disability, the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance may exercise the portion of the Grantee's Award that was vested as of the date of termination, within twelve (12) months from the date of death (or such longer period as specified in the Award Agreement but in no event later than the expiration of the term of such Award as set forth in the Award Agreement). To the extent that, at the time of death, the Grantee's Award was unvested, or if the Grantee's estate or a person who acquired the right to exercise the Award by bequest or inheritance does not exercise the vested portion of the Grantee's Award within the time specified herein, the Award shall terminate.

(c) Extension if Exercise Prevented by Law. Notwithstanding the foregoing, if the exercise of an Award within the applicable time periods set forth in this Section 11 is prevented by the provisions of Section 12 below, the Award shall remain exercisable until one (1) month after the date the Grantee is notified by the Company that the Award is exercisable, but in any event no later than the expiration of the term of such Award as set forth in the Award Agreement.

12. Conditions Upon Issuance of Shares; Manner of Issuance of Shares.

(a) If at any time the Administrator determines that the delivery of Shares pursuant to the exercise, vesting or any other provision of an Award is or may be unlawful under Applicable Laws, the vesting or right to exercise an Award or to otherwise receive Shares pursuant to the terms of an Award shall be suspended until the Administrator determines that such delivery is lawful and shall be further subject to the approval of counsel for the Company with respect to such compliance. The Company shall have no obligation to effect any registration or qualification of the Shares under any Applicable Law.

(b) As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

(c) Subject to the Applicable Laws and any governing rules or regulations, the Company shall issue or cause to be issued the Shares acquired pursuant to an Award and shall deliver such Shares to or for the benefit of the Grantee by means of one or more of the following as determined by the Administrator: (i) by delivering to the Grantee evidence of book entry Shares credited to the account of the Grantee, (ii) by depositing such Shares for the benefit of the Grantee with any broker with which the Grantee has an account relationship, or (iii) by delivering such Shares to the Grantee in certificate form.

(d) No fractional Shares shall be issued pursuant to any Award under the Plan; any Grantee who would otherwise be entitled to receive a fraction of a Share upon exercise or vesting of an Award will receive from the Company cash in lieu of such fractional Shares in an amount equal to the Fair Market Value of such fractional Shares, as determined by the Administrator.

13. Adjustments. Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan, the exercise or purchase price of each such outstanding Award, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued and outstanding Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued and outstanding Shares effected without receipt of consideration by the Company, or (iii) any other transaction with respect to the Company's Common Stock including a corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator and its determination shall be final, binding and conclusive. Except as the Administrator determines, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award. No adjustments shall be made for dividends paid in cash or in property other than Common Stock of the Company, nor shall cash dividends or dividend equivalents accrue or be paid in respect of unexercised Options or unvested Awards hereunder.

14. Corporate Transaction.

(a) Termination of Award to Extent Not Assumed in Corporate Transaction Effective upon the consummation of a Corporate Transaction, all outstanding Awards under the Plan shall terminate. However, all such Awards shall not terminate to the extent they are Assumed in connection with the Corporate Transaction.

(b) Acceleration of Award Upon Corporate Transaction The Administrator shall have the authority, exercisable either in advance of any actual or anticipated Corporate Transaction or at the time of an actual Corporate Transaction, and exercisable at the time of the grant of an Award under the Plan or any time while an Award remains outstanding, to provide for the full or partial automatic vesting and exercisability of one or more outstanding unvested Awards under the Plan and the release from restrictions on transfer and repurchase or forfeiture rights of such Awards in connection with a Corporate Transaction on such terms and conditions as the Administrator may specify. The Administrator also shall have the authority to condition any such Award vesting and exercisability or release from such limitations upon the subsequent termination of the Continuous Service of the Grantee within a specified period following the effective date of the Corporate Transaction. The Administrator may provide that any Awards so vested or released from such limitations in connection with a Corporate Transaction shall remain fully exercisable until the expiration or sooner termination of the Award.

(c) Effect of Acceleration on Incentive Stock Options Any Incentive Stock Option accelerated under this Section 14 in connection with a Corporate Transaction shall remain exercisable as an Incentive Stock Option under the Code only to the extent the \$100,000 limitation of Section 422(d) of the Code is not exceeded.

15. Effective Date and Term of Plan. The Plan shall become effective at such time as it has been adopted by the Board, and will continue in effect for a term of ten (10) years unless sooner terminated. The Board will cause the Plan to be submitted to the Company's shareholders for approval within twelve (12) months after its adoption by the Board. Shareholder approval will be obtained in the degree and manner required under Applicable Laws. Any Award granted before shareholder approval is obtained will be rescinded if shareholder approval is not obtained within the time prescribed, and Shares issued on the grant or exercise of any such Award shall not be counted in determining whether shareholder approval is obtained. Subject to the preceding sentence and the Applicable Laws, Awards may be granted under the Plan upon its becoming effective.

16. Amendment, Suspension or Termination of the Plan

(a) The Board may at any time amend, suspend or terminate the Plan in any respect, except that it may not, without the approval of the shareholders obtained within twelve (12) months before or after the Board adopts a resolution authorizing any of the following actions, do any of the following:

(i) increase the total number of shares that may be issued under the Plan (except by adjustment pursuant to Section 13);

(ii) modify the provisions of Section 6 regarding eligibility for grants of Incentive Stock Options;

(iii) modify the provisions of Section 7(a) regarding the exercise price at which shares may be offered pursuant to Options (except by adjustment pursuant to Section 13);

(iv) extend the expiration date of the Plan; and

(v) except as provided in Section 13 (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the Company may not amend an Award granted under the Plan to reduce its exercise price per share, cancel and regrant new Awards with lower prices per share than the original prices per share of the cancelled Awards, or cancel any Awards in exchange for cash or the grant of replacement Awards with an exercise price that is less than the exercise price of the original Awards, essentially having the effect of a repricing, without approval by the Company's shareholders.

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

(c) No suspension or termination of the Plan shall adversely affect any rights under Awards already granted to a Grantee without his or her consent.

17. Reservation of Shares.

(a) The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

18. No Effect on Terms of Employment/Consulting Relationship. The Plan shall not confer upon any Grantee any right with respect to the Grantee's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Company or a Related Entity to terminate the Grantee's Continuous Service at any time, with or without Cause, and with or without notice. The ability of the Company or any Related Entity to terminate the employment of a Grantee who is employed at will is in no way affected by its determination that the Grantee's Continuous Service has been terminated for Cause for the purposes of this Plan.

19. No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation. The Plan is not a "Retirement Plan" or "Welfare Plan" under the Employee Retirement Income Security Act of 1974, as amended.

20. Information to Grantees. The Company shall provide to each Grantee, during the period for which such Grantee has one or more Awards outstanding, such information as required by Applicable Laws.

21. Electronic Delivery. The Administrator may decide to deliver any documents related to any Award granted under the Plan through an online or electronic system established and maintained by the Company or another third party designated by the Company or to request a Grantee's consent to participate in the Plan by electronic means. By accepting an Award, each Grantee consents to receive such documents by electronic delivery and agrees to participate in the Plan through an online or electronic system established and maintained by the Company or another third party designated by the Company, and such consent shall remain in effect throughout Grantee's Continuous Service with the Company and any Related Entity and thereafter until withdrawn in writing by Grantee.

22. Data Privacy. The Administrator may decide to collect, use and transfer, in electronic or other form, personal data as described in this Plan or any Award for the exclusive purpose of implementing, administering and managing participation in the Plan. By accepting an Award, each Grantee acknowledges that the Company holds certain personal information about Grantee, including, but not limited to, name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, details of all Awards awarded, cancelled, exercised, vested or unvested, for the purpose of implementing, administering and managing the Plan (the "**Data**"). Each Grantee further acknowledges that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan and that these third parties may be located in jurisdictions that may have different data privacy laws and protections, and Grantee authorizes such third parties to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the recipient or the Company may elect to deposit any Shares acquired upon any Award.

23. Compliance with Section 409A of the Code. Notwithstanding anything to the contrary set forth herein, the Award Agreement evidencing any Award that is not exempt from the requirements of Section 409A of the Code shall contain provisions such that the Award will comply with the requirements of Section 409A of the Code and avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of the Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued or amended after the effective date of the Plan. Notwithstanding any provision of the Plan to the contrary, in the event that following the effective date of the Plan the Administrator determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the effective date of the Plan), the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (1) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (2) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance.

24. Unfunded Obligation. Grantees shall have the status of general unsecured creditors of the Company. Any amounts payable to Grantees pursuant to the Plan shall be unfunded and unsecured obligations for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974, as amended. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Grantee account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Related Entity and a Grantee, or otherwise create any vested or beneficial interest in any Grantee or the Grantee's creditors in any assets of the Company or a Related Entity. The Grantees shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

25. Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

INTELLIAGENT, LLC
CONTRIBUTION AND EXCHANGE AGREEMENT

This CONTRIBUTION AND EXCHANGE AGREEMENT (this "*Agreement*") is dated as of August 31, 2018, by and between Fathom Ventures, Inc., a North Carolina corporation (the "*Company*"), INTELLIAGENT, LLC, a Texas limited liability company (the "*IntelliAgent*"), and the members of IntelliAgent party hereto (the "*Members*").

RECITALS

WHEREAS, subject to the terms and conditions set forth herein, each Member desires to receive (a) Series B Common Stock (the "*Exchanged Shares*") in the amount(s) set forth with respect to such Member on Exhibit A attached hereto and (b) a 12.5% contingent ownership interest in any future initial coin offering consummated by IntelliAgent, in exchange for contributing, assigning, conveying, transferring and delivering to the Company, all of the membership interests of IntelliAgent owned by such Member as set forth on Exhibit A hereto (the "*Contributed Interests*"), such exchange intended to qualify as a tax-free exchange under Section 351 of the Internal Revenue Code;

WHEREAS, the Contributed Interests are delivered in accordance with that certain Amended and Restated Company Agreement of the Company dated effective as of January 31, 2013, as amended (the "*Operating Agreement*"); and

WHEREAS, in exchange for the Contributed Interests, the Company desires to issue to each Member the Exchanged Shares set forth beside each Member's name on Exhibit A attached hereto.

NOW THEREFORE, in consideration of the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Company and each Member hereby agree as set forth below.

Section 1. Agreement to Exchange Securities. Subject to the provisions of this Agreement, (a) each Member agrees to contribute, assign, convey, transfer and deliver to the Company such Member's Contributed Interests as set forth on Exhibit A, and (b) in consideration for the contribution of such Member's Contributed Interests, the Company agrees to issue, exchange and deliver to each Member such Member's Exchanged Shares as set forth on Exhibit A and (ii) to issue and deliver, or cause to be issued and delivered, to each Member a 12.5% contingent ownership interest in any future initial coin offering consummated by IntelliAgent, to the extent completed. For the avoidance of doubt, nothing herein obligates the Company or IntelliAgent to complete an initial coin offering.

Notwithstanding the foregoing, to the extent that either Member is no longer employed by, a director of or a consultant to IntelliAgent or a related company at the time of IntelliAgent's initial coin offering, such Member's contingent interest in such initial coin offering shall terminate and be forfeited in all respects.

Section 2. Closing. The delivery to the Members of the Exchanged Shares in exchange for the Contributed Interests shall take place at a closing (the "**Closing**") on the date hereof at the offices of Wyrick Robbins Yates & Ponton LLP.

- (a) On or prior to the Closing, each Member shall deliver to the Company:
 - (i) a counterpart to this Agreement duly executed by such Member; and
 - (ii) a spousal consent duly executed by the spouse of such Member, if applicable.
- (b) On or prior to the Closing, the Company will deliver to each Member:
 - (i) a counterpart to this Agreement duly executed by the Company; and
 - (ii) a certificate to each Member representing such Member's Exchanged Shares.

Section 3. Acknowledgement of Termination of Rights. The Members hereby acknowledge and agree that upon receipt of the Exchanged Shares all rights to any direct ownership interest in IntelliAgent and any agreements related thereto will be terminated with respect to the Members.

Section 4. Representations and Warranties of the Members. Each Member represents and warrants to the Company as follows:

(a) Each Member has all requisite power, authority and legal capacity to execute and deliver this Agreement and to perform such Member's obligations under this Agreement. None of the execution, delivery or performance by such Member of this Agreement shall conflict with or violate any agreement, document, instrument or certificate to which such Member is a party or by which such Member is bound. None of the execution, delivery or performance by such Member of this Agreement shall require the consent of, a waiver by or notification to any third party that has not been obtained or given.

(b) Each Member has good and valid title to the Contributed Interests, free and clear of any and all liens, claims, encumbrances and rights of all others whomsoever, except as set forth in the Operating Agreement.

(c) Each Member understands that the Exchanged Shares may not be sold, transferred or otherwise disposed of without registration under the 1933 Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Exchanged Shares or an available exemption from registration under the 1933 Act, the Exchanged Shares must be held indefinitely. In particular, each Member is aware that the Exchanged Shares may not be sold pursuant to Rule 144 promulgated under the 1933 Act unless all of the conditions of that Rule are met. Each Member understands that no public market now exists for any of the securities issued by the Company and that there is no assurance that a public market will ever exist for the Exchanged Shares.

Section 5. Representations and Warranties of the Company. The Company hereby represents and warrants to the Members as follows:

(a) The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement, including the issuance of the Exchanged Shares pursuant to the Holdings Operating Agreement. None of the execution, delivery or performance by the Company of this Agreement shall conflict with or violate any agreement, document, instrument or certificate to which the Company is a party or by which the Company is bound. None of the execution, delivery or performance by the Company of this Agreement shall require the consent of, a waiver by or notification to any third party that has not been obtained or given.

(b) All of the Exchanged Shares to be issued to each Member under this Agreement, when issued and delivered in accordance with the terms of this Agreement, will be duly authorized and validly issued, and free and clear of any and all liens, claims, encumbrances and rights of all others whomsoever.

Section 4. Survival. All of the representations, warranties and agreements of the Members set forth herein shall survive the execution and delivery of this Agreement.

Section 5. Transfer Provisions. The Members and Company agree that the Members will be subject to certain restrictions on their ability to transfer their respective Exchanged Shares. All transferees of Exchanged Shares or any interest therein will receive and hold such Exchanged Shares subject to the provisions of this Agreement. Any sale or transfer of the Exchanged Shares shall be void unless the provisions of this Agreement are met.

Section 6. Assignment; Binding Effect; Third-Party Beneficiaries. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Each of the Company's affiliates is a third-party beneficiary under this Agreement. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement (other than as set forth in the immediately preceding sentence), express or implied, is intended to confer on any person other than the parties hereto or their respective heirs, successors, executors, administrators and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 7. Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings (oral and written) among the parties with respect thereto.

Section 8. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or otherwise affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

Exhibit A

Contributed Interests

Member	Membership Interest of IntelliAgent
Joshua Harley	50%
Marco Fregenal	50%

Exchanged Shares

Member	Series B Common Stock of the Company
Joshua Harley	6,302,650
Marco Fregenal	6,302,650

SPOUSAL CONSENT

The undersigned, being the spouse of Joshua Harley, who is a party to that certain Contribution and Exchange Agreement dated August 31, 2018 (the '**Contribution Agreement**'), by and among certain shareholders of Fathom Realty Group Inc., a California corporation (the '**Company**'), and Fathom Realty Holdings LLC, a Texas limited liability company, hereby consents to (i) the execution of the Contribution Agreement by his or her spouse, (ii) any agreements, consents and transactions contemplated thereunder to which his or her spouse is a party or signatory, and (iii) the performance by his or her spouse of such obligations under the Contribution Agreement.

Further, the undersigned hereby acknowledges the existence of the Contribution Agreement and his or her agreement to bind to the terms of the Contribution Agreement his or her community property and/or quasi-community property interest, if any, in any of the membership interests in the Company owned by his or her spouse; provided, however, that nothing contained in this provision is intended to, nor shall be deemed to, confer or create any community property and/or quasi-community property interest in such membership interests upon the undersigned.

Dated August 31, 2018

Melissa Harley

[Spouse's Name]

/s/ Melissa Harley

[Spouse Signature]

Address:

3608 Bahama Dr.

Plano, TX 75074

SPOUSAL CONSENT

The undersigned, being the spouse of Marco Fregenal, who is a party to that certain Contribution and Exchange Agreement dated August 31, 2018 (the "**Contribution Agreement**"), by and among certain shareholders of Fathom Realty Group Inc., a California corporation (the "**Company**"), and Fathom Realty Holdings LLC, a Texas limited liability company, hereby consents to (i) the execution of the Contribution Agreement by his or her spouse, (ii) any agreements, consents and transactions contemplated thereunder to which his or her spouse is a party or signatory, and (iii) the performance by his or her spouse of such obligations under the Contribution Agreement.

Further, the undersigned hereby acknowledges the existence of the Contribution Agreement and his or her agreement to bind to the terms of the Contribution Agreement his or her community property and/or quasi-community property interest, if any, in any of the membership interests in the Company owned by his or her spouse; provided, however, that nothing contained in this provision is intended to, nor shall be deemed to, confer or create any community property and/or quasi-community property interest in such membership interests upon the undersigned.

Dated August 31, 2018

Renée C. Fregenal

[Spouse's Name]

/s/ Renée C. Fregenal

[Spouse Signature]

Address:

3108 Megwood Court

Apex, NC 27539

**FATHOM REALTY GROUP INC.
CONTRIBUTION AND EXCHANGE AGREEMENT**

This CONTRIBUTION AND EXCHANGE AGREEMENT (this “*Agreement*”) is dated as of August 31, 2018, by and between Fathom Realty Holdings LLC, a Texas limited liability company (the “*Company*”), and the shareholders of Fathom Realty Group Inc., a Texas corporation (“*Fathom California*”), party hereto (the “*Shareholders*”).

RECITALS

WHEREAS, subject to the terms and conditions set forth herein, each Shareholder desires to receive additional Voting Common Units of the Company (the “*Exchanged Units*”) in the amount(s) set forth with respect to such Shareholder on Exhibit A attached hereto in exchange for contributing, assigning, conveying, transferring and delivering to the Company, all of the shares of capital stock of Fathom California owned by such Shareholder as set forth on Exhibit A hereto (the “*Contributed Shares*”), such exchange intended to qualify as a tax-free exchange under Section 721 of the Internal Revenue Code;

WHEREAS, the Exchanged Units are issued pursuant to that certain Amended and Restated Company Agreement of the Company dated effective as of September 22, 2014, as amended (the “*Operating Agreement*”); and

WHEREAS, in exchange for the Contributed Shares, the Company desires to issue to each Shareholder the Exchanged Units set forth beside each Shareholder’s name on Exhibit A attached hereto.

NOW THEREFORE, in consideration of the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Company and each Shareholder hereby agree as set forth below.

Section 1. Agreement to Exchange Securities. Subject to the provisions of this Agreement, (a) each Shareholder agrees to contribute, assign, convey, transfer and deliver to the Company such Shareholder’s Contributed Shares as set forth on Exhibit A, and (b) in consideration for the contribution of such Shareholder’s Contributed Shares, the Company agrees to issue, exchange and deliver to each Shareholder such Shareholder’s Exchanged Units as set forth on Exhibit A.

Section 2. Closing. The delivery to the Shareholders of the Exchanged Units in exchange for the Contributed Shares shall take place at a closing (the “*Closing*”) on the date hereof at the offices of Wyrick Robbins Yates & Ponton LLP.

- (a) On or prior to the Closing, each Shareholder shall deliver to the Company:
 - (i) a counterpart to this Agreement duly executed by such Shareholder;
 - (ii) a spousal consent duly executed by the spouse of such Shareholder, if applicable; and
-

(iii) one or more certificates representing the number of Contributed Shares set forth on Exhibit A attached hereto with respect to such Shareholder duly endorsed in blank for transfer or accompanied by stock powers duly executed in blank, sufficient in form and substance to convey to the Company title to such Shareholder's Contributed Shares (or an affidavit of lost certificate with respect to such Contributed Shares in form and substance reasonably satisfactory to the Company).

(b) On or prior to the Closing, the Company will deliver to each Shareholder a counterpart to this Agreement duly executed by the Company.

Section 3. Acknowledgement of Termination of Rights. The Shareholders hereby acknowledge and agree that upon receipt of the Exchanged Units all rights to any shares of Fathom California's capital stock and any agreements related thereto will be terminated.

Section 4. Representations and Warranties of the Shareholders. Each Shareholder represents and warrants to the Company as follows:

(a) Each Shareholder has all requisite power, authority and legal capacity to execute and deliver this Agreement and to perform such Shareholder's obligations under this Agreement. None of the execution, delivery or performance by such Shareholder of this Agreement shall conflict with or violate any agreement, document, instrument or certificate to which such Shareholder is a party or by which such Shareholder is bound. None of the execution, delivery or performance by such Shareholder of this Agreement shall require the consent of, a waiver by or notification to any third party that has not been obtained or given.

(b) Each Shareholder has good and valid title to the Contributed Shares, free and clear of any and all liens, claims, encumbrances and rights of all others whomsoever.

(c) Each Shareholder understands that the Exchanged Units may not be sold, transferred or otherwise disposed of without registration under the 1933 Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Exchanged Units or an available exemption from registration under the 1933 Act, the Exchanged Units must be held indefinitely. In particular, each Shareholder is aware that the Exchanged Units may not be sold pursuant to Rule 144 promulgated under the 1933 Act unless all of the conditions of that Rule are met. Each Shareholder understands that no public market now exists for any of the securities issued by the Company and that there is no assurance that a public market will ever exist for the Exchanged Units.

Section 5. Representations and Warranties of the Company. The Company hereby represents and warrants to the Shareholders as follows:

(a) The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement, including the issuance of the Exchanged Units pursuant to the Operating Agreement. None of the execution, delivery or performance by the Company of this Agreement shall conflict with or violate any agreement, document, instrument or certificate to which the Company is a party or by which the Company is bound. None of the execution, delivery or performance by the Company of this Agreement shall require the consent of, a waiver by or notification to any third party that has not been obtained or given.

(b) All of the Exchanged Units to be issued to each Shareholder under this Agreement, when issued and delivered in accordance with the terms of this Agreement, will be duly authorized and validly issued, and free and clear of any and all liens, claims, encumbrances and rights of all others whomsoever, except as set forth in the Operating Agreement.

Section 4. Survival. All of the representations, warranties and agreements of the Shareholders set forth herein shall survive the execution and delivery of this Agreement.

Section 5. Transfer Provisions. The Shareholders and Company agree that the Shareholders will be subject to certain restrictions on their ability to transfer their respective Exchanged Units, each as described in the Operating Agreement. All transferees of Exchanged Units or any interest therein will receive and hold such Exchanged Units or interest subject to the provisions of this Agreement and the Operating Agreement. Any sale or transfer of the Exchanged Units shall be void unless the provisions of this Agreement are met.

Section 6. Assignment; Binding Effect; Third-Party Beneficiaries. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Each of the Company's affiliates is a third-party beneficiary under this Agreement. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement (other than as set forth in the immediately preceding sentence), express or implied, is intended to confer on any person other than the parties hereto or their respective heirs, successors, executors, administrators and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 7. Entire Agreement. This Agreement and the Operating Agreement constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings (oral and written) among the parties with respect thereto.

Section 8. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or otherwise affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

SHAREHOLDERS:

 /s/ Joshua Harley
Joshua Harley

 /s/ Glenn Sampson
Glenn Sampson

[Signature Page to Contribution and Exchange Agreement]

Exhibit A

Contributed Shares

Shareholder	Common Stock of Fathom California
Joshua Harley	750
Glenn Sampson	250

Exchanged Units

Shareholder	Voting Common Units of the Company
Joshua Harley	1,157,660
Glenn Sampson	385,887

SPOUSAL CONSENT

The undersigned, being the spouse of Joshua Harley, who is a party to that certain Contribution and Exchange Agreement dated August 31, 2018 (the "**Contribution Agreement**"), by and among certain shareholders of Fathom Realty Group Inc., a California corporation (the "**Company**"), and Fathom Realty Holdings LLC, a Texas limited liability company, hereby consents to (i) the execution of the Contribution Agreement by his or her spouse, (ii) any agreements, consents and transactions contemplated thereunder to which his or her spouse is a party or signatory, and (iii) the performance by his or her spouse of such obligations under the Contribution Agreement.

Further, the undersigned hereby acknowledges the existence of the Contribution Agreement and his or her agreement to bind to the terms of the Contribution Agreement his or her community property and/or quasi-community property interest, if any, in any of the membership interests in the Company owned by his or her spouse; provided, however, that nothing contained in this provision is intended to, nor shall be deemed to, confer or create any community property and/or quasi-community property interest in such membership interests upon the undersigned.

Dated August 31, 2018

Melissa Harley

[Spouse's Name]

/s/ Melissa Harley

[Spouse Signature]

Address:

3608 Bahama Dr.

Plano, TX 75074

**FATHOM REALTY HOLDINGS LLC
CONTRIBUTION AND EXCHANGE AGREEMENT**

This CONTRIBUTION AND EXCHANGE AGREEMENT (this “*Agreement*”) is dated as of September 4, 2018, by and between Fathom Holdings Inc., a North Carolina corporation (the “*Company*”), and the members of Fathom Realty Holdings LLC, a Texas limited liability company (“*Fathom Holdings*”), party hereto (the “*Members*”).

RECITALS

WHEREAS, subject to the terms and conditions set forth herein, each Member desires to receive Series B Common Stock of the Company (the “*Exchanged Shares*”) in the amount(s) set forth with respect to such Member on Exhibit A attached hereto in exchange for contributing, assigning, conveying, transferring and delivering to the Company, all of the membership interests of Fathom Holdings owned by such Member as set forth on Exhibit A hereto (the “*Contributed Interests*”), such exchange intended to qualify as a tax-free exchange under Section 351 of the Internal Revenue Code;

WHEREAS, the Contributed Interests are delivered in accordance with that certain Amended and Restated Company Agreement of the Company dated effective as of September 22, 2014, as amended (the “*Operating Agreement*”); and

WHEREAS, in exchange for the Contributed Interests, the Company desires to issue to each Member the Exchanged Shares set forth beside each Member’s name on Exhibit A attached hereto.

NOW THEREFORE, in consideration of the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Company and each Member hereby agree as set forth below.

Section 1. Agreement to Exchange Securities. Subject to the provisions of this Agreement, (a) each Member agrees to contribute, assign, convey, transfer and deliver to the Company such Member’s Contributed Interests as set forth on Exhibit A, and (b) in consideration for the contribution of such Member’s Contributed Interests, the Company agrees to issue, exchange and deliver to each Member such Member’s Exchanged Shares as set forth on Exhibit A.

Section 2. Closing. The delivery to the Members of the Exchanged Shares in exchange for the Contributed Interests shall take place at a closing (the “*Closing*”) on the date hereof at the offices of Wyrick Robbins Yates & Ponton LLP.

- (a) On or prior to the Closing, each Member shall deliver to the Company:
 - (i) a counterpart to this Agreement duly executed by such Member; and
 - (ii) a spousal consent duly executed by the spouse of such Member, if applicable.
-

- (b) On or prior to the Closing, the Company will deliver to each Member:
 - (i) a counterpart to this Agreement duly executed by the Company; and
 - (ii) a certificate to each Member representing such Member's Exchanged Shares.

Section 3. Acknowledgement of Termination of Rights. The Members hereby acknowledge and agree that upon receipt of the Exchanged Shares all rights to any direct ownership interest in Fathom Holdings and any agreements related thereto will be terminated with respect to the Members.

Section 4. Representations and Warranties of the Members. Each Member represents and warrants to the Company as follows:

(a) Each Member has all requisite power, authority and legal capacity to execute and deliver this Agreement and to perform such Member's obligations under this Agreement. None of the execution, delivery or performance by such Member of this Agreement shall conflict with or violate any agreement, document, instrument or certificate to which such Member is a party or by which such Member is bound. None of the execution, delivery or performance by such Member of this Agreement shall require the consent of, a waiver by or notification to any third party that has not been obtained or given.

(b) Each Member has good and valid title to the Contributed Interests, free and clear of any and all liens, claims, encumbrances and rights of all others whomsoever, except as set forth in the Operating Agreement.

(c) Each Member understands that the Exchanged Shares may not be sold, transferred or otherwise disposed of without registration under the 1933 Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Exchanged Shares or an available exemption from registration under the 1933 Act, the Exchanged Shares must be held indefinitely. In particular, each Member is aware that the Exchanged Shares may not be sold pursuant to Rule 144 promulgated under the 1933 Act unless all of the conditions of that Rule are met. Each Member understands that no public market now exists for any of the securities issued by the Company and that there is no assurance that a public market will ever exist for the Exchanged Shares.

Section 5. Representations and Warranties of the Company. The Company hereby represents and warrants to the Members as follows:

(a) The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement, including the issuance of the Exchanged Shares. None of the execution, delivery or performance by the Company of this Agreement shall conflict with or violate any agreement, document, instrument or certificate to which the Company is a party or by which the Company is bound. None of the execution, delivery or performance by the Company of this Agreement shall require the consent of, a waiver by or notification to any third party that has not been obtained or given.

(b) All of the Exchanged Shares to be issued to each Member under this Agreement, when issued and delivered in accordance with the terms of this Agreement, will be duly authorized and validly issued, and free and clear of any and all liens, claims, encumbrances and rights of all others whomsoever.

Section 4. Survival. All of the representations, warranties and agreements of the Members set forth herein shall survive the execution and delivery of this Agreement.

Section 5. Transfer Provisions. The Members and Company agree that the Members will be subject to certain restrictions on their ability to transfer their respective Exchanged Shares. All transferees of Exchanged Shares or any interest therein will receive and hold such Exchanged Shares subject to the provisions of this Agreement. Any sale or transfer of the Exchanged Shares shall be void unless the provisions of this Agreement are met.

Section 6. Assignment; Binding Effect; Third-Party Beneficiaries. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Each of the Company's affiliates is a third-party beneficiary under this Agreement. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement (other than as set forth in the immediately preceding sentence), express or implied, is intended to confer on any person other than the parties hereto or their respective heirs, successors, executors, administrators and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 7. Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings (oral and written) among the parties with respect thereto.

Section 8. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or otherwise affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

MEMBERS:

_____/s/ Joshua Harley
Joshua Harley

_____/s/ Glenn Sampson
Glenn Sampson

_____/s/ Sean Varin
Sean Varin

_____/s/ Bruce Ives
Bruce Ives

_____/s/ Sherry Riano
Sherry Riano

_____/s/ Jack Sherman
Jack Sherman

_____/s/ Marco Fregenal
Marco Fregenal

_____/s/ Glenn Astolfi
Glenn Astolfi

[Signature Page to Contribution and Exchange Agreement]

Exhibit A

Contributed Interests

Member	Contributed Interests of Fathom Realty Holdings			
	Voting Common Units	Nonvoting Common Units	Preferred Units	Total Units
Joshua Harley	11,810,526	0	1,157,660	12,968,186
Glenn Sampson	4,031,511	0	385,887	6,993,253
Sean Varin	133,583	0	0	133,583
Bruce Ives	133,583	0	0	133,583
Sherry Riano	37,615	0	0	37,615
Jack Sherman	31,350	0	0	31,350
Marco Fregenal	0	2,495,584	0	2,495,584
Glenn Astolfi	44,955	0	0	44,955

Exchanged Shares

Member	Series B Common Stock of the Company
Joshua Harley	41,107,948
Glenn Sampson	22,167,964
Sean Varin	423,446
Bruce Ives	423,446
Sherry Riano	119,236
Jack Sherman	99,377
Marco Fregenal	7,910,770
Glenn Astolfi	142,503

SPOUSAL CONSENT

The undersigned, being the spouse of Joshua Harley, who is a party to that certain Contribution and Exchange Agreement dated September 4, 2018 (the "*Contribution Agreement*"), by and among certain members of Fathom Realty Holdings LLC, a Texas limited liability company (the "*Company*"), and Fathom Holdings Inc., a North Carolina corporation, hereby consents to (i) the execution of the Contribution Agreement by his or her spouse, (ii) any agreements, consents and transactions contemplated thereunder to which his or her spouse is a party or signatory, and (iii) the performance by his or her spouse of such obligations under the Contribution Agreement.

Further, the undersigned hereby acknowledges the existence of the Contribution Agreement and his or her agreement to bind to the terms of the Contribution Agreement his or her community property and/or quasi-community property interest, if any, in any of the membership interests in the Company owned by his or her spouse; provided, however, that nothing contained in this provision is intended to, nor shall be deemed to, confer or create any community property and/or quasi-community property interest in such membership interests upon the undersigned.

Dated September 4, 2018

Melissa Harley
[Spouse's Name]

/s/ Melissa Harley
[Spouse Signature]

Address: _____
3608 Bahama Dr.

Plano, TX 75074

SPOUSAL CONSENT

The undersigned, being the spouse of Glenn Sampson, who is a party to that certain Contribution and Exchange Agreement dated September 4, 2018 (the "**Contribution Agreement**"), by and among certain members of Fathom Realty Holdings LLC, a Texas limited liability company (the "**Company**"), and Fathom Holdings Inc., a North Carolina corporation, hereby consents to (i) the execution of the Contribution Agreement by his or her spouse, (ii) any agreements, consents and transactions contemplated thereunder to which his or her spouse is a party or signatory, and (iii) the performance by his or her spouse of such obligations under the Contribution Agreement.

Further, the undersigned hereby acknowledges the existence of the Contribution Agreement and his or her agreement to bind to the terms of the Contribution Agreement his or her community property and/or quasi-community property interest, if any, in any of the membership interests in the Company owned by his or her spouse; provided, however, that nothing contained in this provision is intended to, nor shall be deemed to, confer or create any community property and/or quasi-community property interest in such membership interests upon the undersigned.

Dated September 4, 2018

Jean P. Sampson

[Spouse's Name]

/s/ Jean P. Sampson

[Spouse Signature]

Address: 3520 Bahama Drive

Plano, TX 75074

SPOUSAL CONSENT

The undersigned, being the spouse of Sean Varin, who is a party to that certain Contribution and Exchange Agreement dated September 4, 2018 (the "**Contribution Agreement**"), by and among certain members of Fathom Realty Holdings LLC, a Texas limited liability company (the "**Company**"), and Fathom Holdings Inc., a North Carolina corporation, hereby consents to (i) the execution of the Contribution Agreement by his or her spouse, (ii) any agreements, consents and transactions contemplated thereunder to which his or her spouse is a party or signatory, and (iii) the performance by his or her spouse of such obligations under the Contribution Agreement.

Further, the undersigned hereby acknowledges the existence of the Contribution Agreement and his or her agreement to bind to the terms of the Contribution Agreement his or her community property and/or quasi-community property interest, if any, in any of the membership interests in the Company owned by his or her spouse; provided, however, that nothing contained in this provision is intended to, nor shall be deemed to, confer or create any community property and/or quasi-community property interest in such membership interests upon the undersigned.

Dated September 4, 2018

Leticia Varin

[Spouse's Name]

/s/ Leticia Varin

[Spouse Signature]

Address: 139 Shasta Drive

Hickory Creek, TX 75065

SPOUSAL CONSENT

The undersigned, being the spouse of Bruce Ives, who is a party to that certain Contribution and Exchange Agreement dated September 4, 2018 (the *Contribution Agreement*), by and among certain members of Fathom Realty Holdings LLC, a Texas limited liability company (the *Company*), and Fathom Holdings Inc., a North Carolina corporation, hereby consents to (i) the execution of the Contribution Agreement by his or her spouse, (ii) any agreements, consents and transactions contemplated thereunder to which his or her spouse is a party or signatory, and (iii) the performance by his or her spouse of such obligations under the Contribution Agreement.

Further, the undersigned hereby acknowledges the existence of the Contribution Agreement and his or her agreement to bind to the terms of the Contribution Agreement his or her community property and/or quasi-community property interest, if any, in any of the membership interests in the Company owned by his or her spouse; provided, however, that nothing contained in this provision is intended to, nor shall be deemed to, confer or create any community property and/or quasi-community property interest in such membership interests upon the undersigned.

Dated September 4, 2018

Kathleen Ives

[Spouse's Name]

/s/ Kathleen Ives

[Spouse Signature]

Address: 111 Hidden Valley Airpark

Shady Shores, TX 76208

SPOUSAL CONSENT

The undersigned, being the spouse of Sherry Riano, who is a party to that certain Contribution and Exchange Agreement dated September 4, 2018 (the *Contribution Agreement*), by and among certain members of Fathom Realty Holdings LLC, a Texas limited liability company (the *Company*), and Fathom Holdings Inc., a North Carolina corporation, hereby consents to (i) the execution of the Contribution Agreement by his or her spouse, (ii) any agreements, consents and transactions contemplated thereunder to which his or her spouse is a party or signatory, and (iii) the performance by his or her spouse of such obligations under the Contribution Agreement.

Further, the undersigned hereby acknowledges the existence of the Contribution Agreement and his or her agreement to bind to the terms of the Contribution Agreement his or her community property and/or quasi-community property interest, if any, in any of the membership interests in the Company owned by his or her spouse; provided, however, that nothing contained in this provision is intended to, nor shall be deemed to, confer or create any community property and/or quasi-community property interest in such membership interests upon the undersigned.

Dated September 4, 2018

R. Riano

[Spouse's Name]

/s/ R. Riano

[Spouse Signature]

Address: _____

SPOUSAL CONSENT

The undersigned, being the spouse of Jack Sherman, who is a party to that certain Contribution and Exchange Agreement dated September 4, 2018 (the **Contribution Agreement**), by and among certain members of Fathom Realty Holdings LLC, a Texas limited liability company (the **Company**), and Fathom Holdings Inc., a North Carolina corporation, hereby consents to (i) the execution of the Contribution Agreement by his or her spouse, (ii) any agreements, consents and transactions contemplated thereunder to which his or her spouse is a party or signatory, and (iii) the performance by his or her spouse of such obligations under the Contribution Agreement.

Further, the undersigned hereby acknowledges the existence of the Contribution Agreement and his or her agreement to bind to the terms of the Contribution Agreement his or her community property and/or quasi-community property interest, if any, in any of the membership interests in the Company owned by his or her spouse; provided, however, that nothing contained in this provision is intended to, nor shall be deemed to, confer or create any community property and/or quasi-community property interest in such membership interests upon the undersigned.

Dated September 4, 2018

Evelyn Sherman

[Spouse's Name]

/s/ Evelyn Sherman

[Spouse Signature]

Address: _____

SPOUSAL CONSENT

The undersigned, being the spouse of Marco Fregenal, who is a party to that certain Contribution and Exchange Agreement dated September 4, 2018 (the "**Contribution Agreement**"), by and among certain members of Fathom Realty Holdings LLC, a Texas limited liability company (the "**Company**"), and Fathom Holdings Inc., a North Carolina corporation, hereby consents to (i) the execution of the Contribution Agreement by his or her spouse, (ii) any agreements, consents and transactions contemplated thereunder to which his or her spouse is a party or signatory, and (iii) the performance by his or her spouse of such obligations under the Contribution Agreement.

Further, the undersigned hereby acknowledges the existence of the Contribution Agreement and his or her agreement to bind to the terms of the Contribution Agreement his or her community property and/or quasi-community property interest, if any, in any of the membership interests in the Company owned by his or her spouse; provided, however, that nothing contained in this provision is intended to, nor shall be deemed to, confer or create any community property and/or quasi-community property interest in such membership interests upon the undersigned.

Dated September 4, 2018

Renée C. Fregenal

[Spouse's Name]

/s/ Renée C. Fregenal

[Spouse Signature]

Address: 3108 Megwood Court

Apex, NC 27539

SPOUSAL CONSENT

The undersigned, being the spouse of Glenn R. Astolfi, who is a party to that certain Contribution and Exchange Agreement dated September 4, 2018 (the "**Contribution Agreement**"), by and among certain members of Fathom Realty Holdings LLC, a Texas limited liability company (the "**Company**"), and Fathom Holdings Inc., a North Carolina corporation, hereby consents to (i) the execution of the Contribution Agreement by his or her spouse, (ii) any agreements, consents and transactions contemplated thereunder to which his or her spouse is a party or signatory, and (iii) the performance by his or her spouse of such obligations under the Contribution Agreement.

Further, the undersigned hereby acknowledges the existence of the Contribution Agreement and his or her agreement to bind to the terms of the Contribution Agreement his or her community property and/or quasi-community property interest, if any, in any of the membership interests in the Company owned by his or her spouse; provided, however, that nothing contained in this provision is intended to, nor shall be deemed to, confer or create any community property and/or quasi-community property interest in such membership interests upon the undersigned.

Dated September 4, 2018

Pamela J. Astolfi
[Spouse's Name]

/s/ Pamela J. Astolfi
[Spouse Signature]

Address: _____
314 Montclair Dr.
Apex, NC 27502



FATHOM REALTY
Corporate Address: 211 New Edition Ct.
Cary, NC 27511 | www.FathomRealty.com

INDEPENDENT CONTRACTOR AGREEMENT

Agent's Name: _____
Market Center Name: Fathom Realty - _____
Agreement Date: _____

1. **Engagement**

This Agreement is entered into by and between the Agent and Broker identified above. Subject to the terms and conditions of this Agreement, Broker engages Agent as an independent contractor regarding the purchase and sale of real estate within that certain defined region and/or office, hereinafter referred to as the "Market Center." Agent hereby acknowledges and accepts such independent contractor engagement with Broker and represents that he/she is a licensed Real Estate Agent within the state the Market Center is located.

2. **Independent Contractor**

The parties acknowledge and agree that Agent is an Independent Contractor and shall always be serving as an independent contractor to the Broker and shall not be deemed an employee or Agent of the Broker. Nothing in this Agreement is intended to, or shall be deemed to, constitute a partnership or joint venture between the parties. Agent solely determines his/her working hours, clients, marketing, and sales methods. Agent shall have no claim against the Broker for vacation pay, sick leave, retirement benefits, social security, worker's compensation, health or disability benefits, unemployment insurance benefits, or employee benefits of any kind.

Agent has no authority to incur obligations on the behalf of Broker or in Broker's name and shall not sign any contract, agreement, lease or note in the name of Broker, open or maintain a bank account or investment account in the name of Broker, nor endorse for collection or deposit in Agent's personal account any check, money order or other negotiable instrument made payable to Broker.

3. **Company Policies**

The Agent agrees to review and comply with all Fathom Realty company policies. The Fathom Realty Policy Manual is readily accessible on the Fathom Wiki (www.FathomWiki.com) and subject to change without notice.

4. **Licensed Agent**

The Agent certifies that at the time of signing this agreement and the duration of this agreement he/she has an active real estate license in the Fathom market center they wish to join and practice real estate.

5. **Tax Withholding**

The Broker will not be obliged to withhold federal, state, local payroll or any other taxes from any payment made to Agent or to any other person hereunder, whether such payment is to be made in cash or other property. Agent shall be solely responsible for the collection and payment of all taxes attributable to payments Agent receives pursuant to this Agreement.

6. **Term and Termination**

The term of this Agreement shall be effective upon the date of execution and continue until either party elects to terminate this Agreement. Either party may terminate this Agreement, with or without cause, at any time. Notification of termination must be provided to the Company in writing to Agent Services (agentservices@fathomrealty.com) immediately to ensure compliance with state and local advertising rules and to ensure accuracy in the processing of outstanding dues/fees. Failure to send notification in writing may result in Agent continuing to be charged fees/dues. In the event of termination, the parties shall be held to the continuing rights or obligations of either Agent or Broker under this Agreement.

Agent's Initials

Upon the termination of this Agreement, Broker shall release and allow Agent to transfer all solo listings, buyer representations, not currently under contract that Agent originated. For listings and agency contracts shared with other real estate agents located within Market Center, such listings and agency contracts shall remain with the Market Center. All listings, seller representations and buyer representations under contract at the time of Agent termination shall remain with the Market Center. However, Agent shall receive his/her commission upon the sale and closing of such real estate pursuant to the terms of the commission split policies as expressly stated on the Schedule A.

Upon termination of the Agreement, any pending transactions will be funded per the existing transaction fees as described in the Schedule A Agent has signed, including but not limited to: the Annual Fee and transaction fees, as well as a one-time \$50 documentation fee.

Upon termination of this Agreement, Agent authorizes Broker to deduct any outstanding amounts due and owed by Agent to Broker, including but not limited to the Annual Fee, transaction fees, participation fees, commission splits, insurance premiums, and Market Center property not returned to the Market Center within 10 business days or other business-related expenses.

7. Exclusivity

During the term of this Agreement, Agent agrees to list all of his/her real estate listings and all of his/her real estate transactions located within the Market Center under the Fathom Realty name. This clause pertains to the conduct of all real estate transactions with the exception of Property Management. Agents are not permitted to perform Property Management functions as a service to clients/customers under Fathom Realty. Violation of this exclusivity requirement is grounds for immediate separation.

8. Listing Syndication

Fathom Realty reserves the right to syndicate, broadcast, and publish all listings in an Internet Data Exchange (IDX) compliant manner. This may include publishing listings to company owned and third party websites.

9. Code of Conduct

Agent acknowledges and agrees to abide by all codes of conduct, conflict of interest policies, and minimum business standards as set forth by Fathom Realty, Broker, and each professional trade organization that Agent and Broker is a member. Agent shall comply with all local, state and federal laws. Agent agrees not to act, conduct himself/herself, make any verbal or non-verbal statement or maintain any association that may damage Fathom Realty or Broker, its name, goodwill, trademarks, and reputation or cause the public to lose confidence in the Fathom Realty or Broker.

10. Conflicts of Interest

Agent hereby covenants and agrees that during the term of this Agreement, Agent shall not engage or participate in any activities which conflict with the interests and activities of the Broker; engage in developing, managing, providing or marketing of services comparable to that marketed by the Broker within the Market Center (the "Restricted Area"). (a). Agents are permitted to work as a Loan Officer while affiliated with Fathom Realty, however it is not permitted to represent a party to the transaction while performing loan officer functions. (b). Agents are permitted to sell his/her own property including but not limited to when the Agent's name, Agent's spouse's name, spouse's company name, Agent's company name and/or Agent's trust name is on the title. This also includes common interest. However, due to increased liability, certain restrictions apply. See Schedule A (attached). (c). Agents are not permitted to sell a business and/or contents of a business. (d). Upon the termination of this Agreement, nothing in this Agreement shall prohibit either party from performing like or similar services for any other person or entity.

11. Compensation

The parties agree to the compensation structure as set forth in the Schedule A (attached). Agent acknowledges that Broker retains sole discretion to amend the Schedule A. Agent's compensation shall be payable for closed transactions only. Agent shall not draw or borrow against any compensation payment from Broker. Agent authorizes Broker to deduct any outstanding amounts due and owed by Agent to Broker or other entity, including but not limited to the Annual Fee, participation fees, commission splits, transaction fees, insurance premiums, other business-related expenses, irrevocable commission disbursement instructions from a commission advance company, and local, state, and federal child support and/or tax orders that order the garnishment of wages. When an Agent is past due in amounts owed to Fathom or other entity, all compensation to Agents will be paid through the Market Center.

Agent shall be solely responsible for all of his/her own business expenses, including but not limited to, real estate license fees, occupational taxes, association dues, insurance, transportation, business cards, yard signs, brochures (and other marketing materials), business entertainment costs, and specific fees assessed by Fathom Realty for access to the Fathom Realty Intranet and e-mail system and other expense incident to the conduct of his/her services as an Agent (collectively, "Transaction Fees").

Agent is responsible to pay all fees in full as set forth in the Schedule A (attached) even if they elect to discount the fees collected from a client/customer for a limited service listing or offer otherwise agreed upon discounts to the client/customer.

Per company policy, the Agent is responsible for uploading all transactional paperwork within 48 hours of execution date. Agent is responsible for submitting the transaction for review and approval at least 3 to 5 business days prior to closing. Failing to submit paperwork in accordance with company policy is a violation and may result in a delay in closing, the processing of commission disbursements, and/or result is all compensation being paid through the Market Center. Continued disregard of adhering to company policies may result in Agent termination.

12. Professional Liability Insurance

Fathom Realty provides Professional Liability Insurance, also known as Errors & Omissions (E&O) Insurance, covering errors and omissions incident to the professional services real estate sales associate customarily provides. Agent is responsible to pay a premium to Broker which is factored into the Annual Fee and/or monthly dues stated on the Schedule A. The premium will ensure his/her coverage over his/her real estate transactions. The policy has a deductible per transaction that will be covered by the company in the event of a claim except in certain cases (i.e., fraud, commercial environmental issues, and transactions in which the Sales Associate acted as a principal or property manager.) The Agent is welcome to obtain additional coverage including individual E&O Insurance and/or an umbrella insurance policy that will provide additional protection. For occurrences not covered by such E&O insurance and for liability arising from Agent's gross negligence, negligence (unintentional) and/or violation of any law, regulation or standard of conduct, Agent agrees to indemnify and hold Broker and Fathom Realty harmless from and against the date the incident or omission that gave rise to the liability occurred.

E&O insurance will not cover transactions that are closed without District Director approval and without a Commission Disbursement Authorization (CDA) approved by the Fathom Compliance Department (prior to closing). In addition to voiding E&O insurance coverage, the Agent will be subjected to a \$500 fine for repeat offenses.

13. Risk Management Fees

Risk Management Fees are fees paid by the Agent on transactions deemed to incur higher risk to the Agent and the Firm per our E&O insurance policy. The fees are levied to help offset the higher cost of the insurance policy.

Risk Management fees apply on the following types of transactions including, but not limited to: High Value Properties, Transactions in which the Agent is representing both the buyer and seller in the same transaction OR when both parties in a transaction do not have exclusive representation by different unrelated agents, and the Sale of Personal Real Estate. Risk Management Fee are outlined in the Schedule A (attached).

14. Limited Trademark License

During the term of this Agreement, Broker grants Agent a limited license to use the Fathom Realty service mark on his/ her marketing materials, yards signs, business cards, letterhead and other business forms. Agent shall obtain the prior approval by Broker and Fathom Realty regarding such use of the Fathom Realty service mark. Upon the termination of this Agreement, Agent shall be prohibited from using the Fathom Realty service mark. Agent shall immediately destroy all marketing materials, business cards, letterhead and business forms that affiliate Agent with Fathom Realty.

15. Confidentiality

Each party acknowledges that it will receive confidential information and trade secrets ("Confidential Information") from the other party in the course of performing the real estate services. The Confidential Information shall be deemed to include all the information one party receives from the other, except anything designated as not confidential. During the term of this Agreement, Agent will have access to and become acquainted with confidential, propriety, business and private information relating to the Broker and its customers, including but not limited to current and prospective client lists and past transactions. Agent agrees that during the term of this Agreement and for twelve (12) months thereafter, Agent shall not disclose any such confidential information, directly or indirectly, or use the same in any manner whatsoever, except as required in connection with Agent's performance under this Agreement.

16. Non-Disclosure Agreements

Agent hereby represents and warrants that he/she has and, as of the date of acceptance, he/she will have and will (and does hereby) assign and transfer to the Broker, the right to prevent unauthorized disclosures concerning Fathom Realty, the Market Center, its client and prospective client database, business practices, software and confidential information by past or present agents or employees of, independent contractors of, agents of, or consultants to, Agent or any other persons or entities to whom Agent has or shall have communicated Confidential Information regarding the same. Agent agrees to avoid and prevent, and to take such action as the Broker may reasonably request to prevent, any and all disclosures of any confidential information relating to Fathom Realty, the Market Center, its client and prospective client database, business practices, software and confidential information which have not been specifically authorized in writing by the Broker.

17. Non-Solicitation

Agent hereby expressly covenants and agrees, that, at no time during the term of this Agreement, and for a period of twelve (12) months immediately following the termination of this Agreement, whether said termination is occasioned by the Broker, Agent or the mutual agreement of said parties, will Agent directly or indirectly for himself/herself, or in behalf of any other person, persons, firm, partnership, corporation, Broker or other entity (i) call upon any customer or customers provided to Agent by the Broker, who was a customer of the Broker during the term of this Independent Contractor Agreement, for the purpose of soliciting, selling and otherwise marketing any service similar to services offered by the Broker, nor (ii) solicit, divert or take away any such customers of Broker, nor (iii) contact, or assist any person in contacting, or discuss with any employee or current independent contractor of the Broker or any former employee or independent contractor of the Broker whose employment or term ended within three (3) months prior to, or at any time after, the termination of Agent's independent contractor agreement, with respect to offering any such employee or independent contractor, employment or engagement with any person.

18. Indemnification

Agent agrees to indemnify and hold Broker and Fathom Realty harmless from and against all liability that Broker or Fathom Realty incurs or suffers on account of Agent's intentional disregard or breach of any law, regulation or standard of conduct that applies to Agent's actions or activities as a licensed real estate sales associate. Furthermore, Agent shall indemnify Broker and hold it harmless from any loss, claim or damage to persons or property, arising out of this Agreement or the services provided, including attorneys' fees, to the extent that such loss, claim or damage is caused by the intentional acts of Agent or from Agent's breach of any term of this Agreement. This indemnity survives any termination of this Agreement.

19. Representations

(a). Agent represents that he/she is duly licensed as a real estate agent in the State that Market Center is located and is able to perform with all legal rights and authority granted therein.

(b). Agent is not now, and has not been within the last five (5) years, a defendant in any lawsuit alleging professional misconduct or violation of any deceptive trade practices/consumer protection law, nor is Agent currently subject to an investigation by a real estate commission or comparable oversight body, nor was Agent found in violation of a real estate commission or comparable oversight body. In the event the Agent cannot represent this, then the details of this must be disclosed in writing and attached as an Addendum to this Agent Agreement.

(c). Agent expressly represents and warrants that Agent is free to associate with Broker and that Agent is not bound by a non-compete, promise or commitment to any other real estate Broker, agency, association, firm, broker, person or corporation that prohibits or prevents Agent from associating with Fathom Realty.

(d). As an independent contractor, Agent acknowledges that whether he/she earns income as a real estate agent is solely based upon him/her. Agent acknowledges that neither Broker nor Fathom Realty made any representations regarding income, guaranteed or otherwise.

(e). Broker represents to Agent that Broker or Broker's Operating Principal is duly licensed as a real estate broker in the state in which the Market Center is located.

20. Miscellaneous Provisions

(a). **Severability:** In the event that any term or condition contained herein is held to be invalid or enforceable, all remaining terms and conditions shall remain unaffected and shall continue to inure to the benefit of and to be binding upon the parties hereto.

(b). **Modification of Agreement:** No Waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by both parties, and no evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties hereto arising out of or affecting this Agreement, or the rights or obligations of the parties hereunder, unless such waiver or modification is in writing and duly executed by both parties. The parties further agree that the provisions of this Section may not be waived except as herein set forth.

(c). **Other Agreements:** This Agreement contains the complete agreement between the parties and shall, as of the effective date hereof, supersede all other agreement between the parties. The parties stipulate that neither of them has made any representation with respect to the subject matter of this Agreement or the execution and delivery hereof except such representations as are specifically set forth herein. Each of the parties hereto acknowledges that they have relied on their own judgment in entering into this Agreement. The parties acknowledge and agree that they have been informed of their respective right to seek independent legal counsel and did in fact, have a reasonable opportunity to retain independent representation. The parties acknowledge having either obtained such independent counsel or having waived their right to the same.

(d). **Forbearance-No Waiver:** Forbearance or neglect on the part of either party to insist upon strict compliance with the terms of this Agreement shall not be construed as or constitute a waiver thereof.

(e). **Choice of Law:** It is the intention of the parties hereto that this Agreement and the performances hereunder and all suits and special proceedings hereunder be construed in accordance with and pursuant to the laws of the State of Texas. The parties agree that any suit, action or proceeding for the enforcement of this Agreement shall be brought in the State or Federal Courts in the State of Texas, County of Dallas and the parties consent to the jurisdiction, forum and venue of such courts.

(f). **Counterparts:** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement to be made effective as of the day and year last written below.

AGENT'S PRINTED NAME:

TODAY'S DATE:

AGENT'S SIGNATURE:

REAL ESTATE LICENSE NO.:

SOCIAL SECURITY NO.:

HOME STREET ADDRESS:

CITY:

STATE:

ZIP:

CELL PHONE:

EMAIL:

AUTHORIZED BY:

PRINTED NAME: Josh Harley

AUTHORIZED BY:

SIGNATURE: /s/ Josh Harley

CORPORATE ADDRESS: 211 New Edition Ct.

CITY: Cary

STATE: NC

ZIP: 27511

OFFICE PHONE: 877-661-1977

OFFICE EMAIL: support@fathomrealty.com

STATE OF NORTH CAROLINA
WAKE COUNTY

COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement ("Lease") is made and effective the 12th day of October 2015, by and between **Powell Commonwealth Associates, LLC, A North Carolina limited liability company** (hereinafter "Landlord") and **Fathom Realty, LLC, a North Carolina limited liability company** (hereinafter "Tenant").

Landlord is the owner of land and improvements commonly known and numbered as 211 New Edition Court, Cary, NC 27511 ("Leased Premises") and legally described as shown on Exhibit "A" attached hereto (the "Building"). Landlord desires to lease the Leased Premises to Tenant (as described in Exhibit "A" attached hereto and incorporated herein by reference), and Tenant desires to lease the Leased Premises from Landlord for the term, the rental rate and upon the covenants, conditions and provisions herein set forth.

NOW, THEREFORE, in consideration of the rents paid, and agreed to be paid, and the mutual promises herein contained, and other good and valuable consideration, the adequacy of the consideration being acknowledged by all parties, it is agreed:

1. Term.

A. Landlord hereby leases the Leased Premises "as-is" to Tenant, and Tenant hereby leases and accepts the same from Landlord "as-is", for an "Initial Term" beginning December 1, 2015 and ending November 30, 2020. Landlord shall use its best efforts to give Tenant possession as nearly as possible at the beginning of the Lease term. If Landlord is unable to timely provide the Leased Premises, rent shall abate for the period of delay. Tenant shall make no other claim against Landlord for any such delay.

B. Tenant may renew the Lease for one extended term of five (5) years. Tenant shall exercise such renewal option, if at all, by giving written notice to Landlord not less than one hundred fifty (150) days prior to the expiration of the Initial Term. The renewal term shall be at the rental set forth below and otherwise upon the same covenants, conditions and provisions as provided in this Lease.

2. Rental, Limited Option to Purchase, and First Right of Refusal.

A. Tenant shall pay to Landlord during the Initial Term rental of Two Thousand Six Hundred Twenty Five and No/100 Dollars (\$2,625.00) per month. Each installment payment shall be due in advance on the first day of each calendar month during the lease term, beginning January 1, 2016, to Landlord at **102 Sylvan Grove, Cary, NC 27518** or at such other place designated by written notice from Landlord to Tenant. The rental payment amount for any partial calendar months included in the lease term shall be prorated on a daily basis. Tenant shall also pay to Landlord a "Security Deposit" in the amount of one month's rent, said amount equal to Two Thousand Six Hundred Twenty Five and No/100 Dollars (\$2,625.00). If any rental payment is not received by midnight on the fifth (5th) day after it is due, Tenant shall pay a late payment fee of \$131.25, which constitutes 5% of the total monthly rental amount. This late payment fee shall be due immediately without demand therefore and shall be added to and paid with the late rental payment. Tenant also agrees to pay a \$25 processing fee for each check of Tenant that is returned by the financial institution for any reason.

B. The rental rate shall increase by three (3%) percent annually during the Initial Term. The rental rate for any renewal lease term, if created as permitted under this Lease, shall also increase three (3%) percent annually above the rental amount in effect at the expiration of the Initial Term as described herein.

C. If, within one hundred eighty (180) days following the beginning of the Lease Term, Tenant or members of an LLC comprised of the principals of Tenant, desires to purchase the Property (as defined in Exhibit "A" attached hereto) from Landlord, Landlord and Tenant agree that the purchase price of the Property shall be Three Hundred Thirty Thousand and No/100 Dollars (\$330,000.00). If Tenant does not purchase the Property from Landlord within the one hundred eighty (180) day period following the beginning of the Lease Term, Tenant shall have the right to purchase the Property (as defined in Exhibit "A" attached hereto) from Landlord for a period of one (1) year following the beginning of the Lease Term, but no more than one hundred eighty five (185) days after the expiration of the initial one hundred eighty (180) days, for Three Hundred Thirty Nine Thousand Five Hundred and No/100 Dollars (\$339,500.00).

1) If, at any time after the beginning of the Lease Term, Landlord: (i) desires to offer to sell the Property (as defined in Exhibit "A" attached hereto); (ii) receives a bona fide offer to purchase the Property from a bona fide third party or (iii) makes a bona fide offer to sell the Property to a third party, such offer or offers shall be subject to Tenant's rights under this paragraph (the bona fide third party Offeror, offeree or purchaser individually or collectively are referred to hereinafter as the "**Third Party Purchaser**"). In the event the Third Party Purchaser makes or accepts any of the aforesaid conditional offer(s) to purchase the Property (in such case hereinafter referred to as the "**Third Party Offer**") and Landlord desires to accept such offer, Landlord, before accepting the Third Party Offer and entering into a contract with the Third Party Purchaser shall send Tenant one (1) copy of a contract for the sale of the Property (collectively the "**Contract**") embodying the terms of the Third Party Offer. The Contract shall have been duly executed by Landlord together with a written notification from Landlord to Tenant setting forth Landlord's intention to make or accept the Third Party Offer. In the event the Contract is not accepted by Tenant in accordance with the terms of this paragraph (the date of Tenant's receipt of such Contract and notification being hereinafter referred to as the "**Notice Date**"), for a period of ten (10) days after the Notice Date (such period hereinafter referred to as the "**Election Period**") Tenant shall have the right to notify Landlord of its intent to purchase the Property on the terms and conditions set forth in the Contract. In the event Tenant notifies Landlord that it desires to purchase the Property pursuant to the terms of the Contract, then Tenant shall have an additional fifteen (15) day period from the Notice Date to execute the Contract and consummate the purchase of the Property in accordance with the terms of such contract (such period being hereinafter referred to the "**Exercise Period**").

2) If Tenant does not choose to exercise its rights to purchase the Property during the Exercise Period upon the terms and conditions embodied in the Contract, then Landlord's offer to Tenant shall be deemed withdrawn, and Landlord shall be free for a period of ninety (90) days (the "**Release Period**") from the expiration of the Exercise Period to sell or offer to sell the Property free and clear of the terms and conditions of this Right of First Refusal to any third party purchaser on terms not less favorable to Landlord than those set forth in the Contract. In the event the Property is not sold to such third party within the Release Period, then any future offers to sell the Property or any part thereof must first be submitted to Tenant in accordance with the provisions of Paragraph C above.

3) In the event Landlord shall, during the Release Period (or during a subsequent ninety (90) day period as provided in this paragraph), propose to revise the terms of an existing agreement to sell the Property to a Third Party Purchaser, Tenant shall be entitled to receive notification of such revised or new Third Party Offer (the "**New Offer**"). In such case, Landlord shall offer to sell the Property to Tenant on the terms contained in the then current New Offer before taking any other action to accept or enter into a contract with respect to the New Offer. The terms of the New Offer shall be embodied in a new contract for the sale of the Property, which shall be submitted to Tenant in accordance with the requirements of Paragraph C above. Tenant shall have the same rights with respect to the New Offer as it would have with respect to a Third Party Offer as set forth in Paragraph C above. If Tenant shall not accept the New Offer within period of its receipt of the requisite written notification and one copy of a new contract (the "**New Contract**") as set forth Paragraph C above, then Landlord may offer to sell the Property on terms not less favorable to Landlord than those contained in the New Offer free and clear of the terms and conditions of this Right of First Refusal. Provided, however, that in the event the Property (or such part thereof) is not sold to a Third Party Purchaser within the aforesaid ninety (90) day period, then Landlord must notify Tenant and submit to them any further offers with respect to the Property in accordance with the provisions of Paragraph C above.

3. Use

Notwithstanding the forgoing, Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device and shall only use them for a professional office use.

4. Sublease and Assignment.

Tenant shall have the right without Landlord's consent, to assign this Lease to a corporation with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a purchaser of substantially all of Tenant's assets. Except as set forth above, Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such consent not to be unreasonably withheld or delayed.

5. Repairs.

During the Lease term, Tenant shall make necessary repairs to the Leased Premises, not exceeding five hundred dollars (\$500.00) per annum. Repairs shall include, but not be limited to, such items as routine repairs of floors, walls, ceilings, light fixtures, plumbing and other parts of the Leased Premises damaged or worn through normal occupancy, but shall exclude the roof, parking lot and/or common area(s). Tenant is responsible for filling holes in walls and wood and painting where Tenant has hung pictures, maps, etc. during their tenure. Landlord shall be responsible for the maintenance and repair of the HVAC units if maintenance and repairs exceeds five hundred dollars (\$500.00) and Commonwealth Exchange Office Condominium Association shall be solely responsible for the maintenance of the exterior of the building, including the roof, parking lot and/or common area(s).

6. Alterations and Improvements.

Tenant, at Tenant's expense, shall have the right, following Landlord's written consent, to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials and meet any current National, State and Municipal building codes. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenant shall have the right to remove the same at any time during the term of this Lease provided that any and all damage to the Leased Premises caused by such removal shall be repaired by Tenant at Tenant's expense.

7. Property Taxes.

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased Premises, Tenant shall be responsible for paying all personal property taxes with respect to Tenant's personal property at the Leased Premises. Landlord shall also be solely responsible for any and all Commonwealth Exchange Office Condominium Association dues and assessments.

8. Insurance.

A. If the Leased Premises, or any other party of the Building, is damaged by fire or other casualty resulting from any act or negligence of Tenant or any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

B. Landlord shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amounts as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

C. Tenant shall maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of Tenant in the Building with the premiums thereon fully paid on or before due date, issued by and binding upon some insurance company approved by Landlord, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Landlord shall be listed as an additional insured on Tenant's policy or policies of comprehensive general liability insurance, and Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph. Tenant shall obtain the agreement of Tenant's insurers to notify Landlord that a policy is due to expire at least (10) days prior to such expiration. Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.

9. Utilities.

Tenant shall be responsible for placing all utilities, including but not limited to, telephone, internet, electricity, natural gas, cable or other utilities Tenant deems advisable to have service the Lease Premises, in Tenant's name no later than the commencement date of December 1, 2015 and Tenant shall be solely responsible for paying all charges for said utilities used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. Tenant acknowledges that the Leased Premises are designed to provide standard office use electrical facilities and standard office lighting. Tenant shall not use any equipment or devices that utilize excessive electrical energy or which may, in Landlord's reasonable opinion, overload the wiring or interfere with electrical services to other tenants.

10. Entry.

Landlord shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on the Leased Premises.

11. Parking.

During the term of this Lease, Tenant shall have the non-exclusive use in common with Landlord, other tenants of the Building, their guests and invitees, of the non-reserved common automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by Landlord or by Commonwealth Exchange Office Condominium Association.

12. Building Rules.

Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing. The initial rules for the Building are attached hereto as Exhibit "B" and incorporated herein for all purposes.

13. Damage and Destruction.

Subject to Section 8 A. above, if the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises as the result of fire, and if such damage does not render the Leased Premises unusable for Tenant's purposes. Landlord shall promptly repair such damage at the cost of the Landlord, so long as the damage was through no fault of Tenant. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord. Tenant shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenant. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence which is beyond Tenant's reasonable control and which renders the Leased Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for Tenant's purposes.

14. Default.

Any lease payment, postmarked more than five (5) days past the due date, shall be considered as default by Tenant under the terms and conditions of this Lease. If said default shall continue for fifteen (15) days after written notice thereof shall have been given to Tenant by Landlord, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Tenant, and such default shall continue for thirty (30) days after notice thereof in writing to Tenant by Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered. Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

15. Quiet Possession.

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will use reasonable efforts to keep and maintain Tenant with an exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

16. Condemnation.

If any legally, constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and Tenant shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

17. Subordination.

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises of the Building, and Tenant agrees upon demand to execute such further instruments subordinating this Lease or atoning to the holder of any such liens as Landlord may request. In the event that Tenant should fail to execute any instrument of subordination herein required to be executed by Tenant promptly as requested, Tenant hereby irrevocably constitutes Landlord as its attorney-in-fact to execute such instrument in Tenant's name, place and stead, it being agreed that such power is one coupled with an interest. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

18. Security Deposit.

The Security Deposit shall be held by Landlord without liability for interest and as security for the performance by Tenant of Tenant's covenants and obligations under this Lease, it being expressly understood that the Security Deposit shall not be considered an advance payment of rental or a measure of Landlord's damages in case of default by Tenant. Unless otherwise provided by mandatory non-waivable law or regulation, Landlord may commingle the Security Deposit with Landlord's other funds. Landlord may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrearages of rent or to satisfy any other covenant or obligation of Tenant hereunder. Following any such application of the Security Deposit, Tenant shall pay to Landlord on demand the amount so applied in order to restore the Security Deposit to its original amount. If Tenant is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such application shall be returned by Landlord to Tenant. If Landlord transfers its interest in the Premises during the term of this Lease, Landlord may assign the Security Deposit to the transferee and thereafter shall have no further liability for the return of such Security Deposit.

19. Notice.

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to Landlord to:

Powell Commonwealth Associates, LLC
102 Sylvan Grove, Cary, NC 27518

If to Tenant to:

Fathom Realty, LLC
211 New Edition Court, Cary, NC 27511

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

20. Brokers.

Tenant represents that Tenant was not shown the Premises by any real estate broker or agent and that Tenant has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

21. Waiver.

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

22. Memorandum of Lease.

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

23. Headings and Severability.

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease. If any provision of this Lease is held to be invalid or unenforceable, all other provisions shall nevertheless continue to remain in full force and effect.

24. Successors.

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

25. Consent.

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

26. Compliance with Law.

Tenant shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Tenant's use of the Leased Premises. Landlord shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

27. Final Agreement.

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

28. Governing Law.

This Agreement shall be governed, construed and interpreted by, through and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

Powell Commonwealth Associates, LLC

Fathom Realty, LLC

By: /s/ Managing Member
Managing Member

By: /s/ Joshua Harley

EXHIBIT A

BEING all of Unit 211, Phase Two, of COMMONWEALTH EXCHANGE CONDOMINIUM (the "Condominium") as designated and described on the Declaration for Commonwealth Exchange Condominium Pursuant to Chapter 47C of the North Carolina General Statutes. The North Carolina Condominium Act covering said Condominium filed for registration and recorded in Deed Book 7232, Page 530, and in Unit Ownership File No. 171 of the Wake County Registry, reference to such Declaration and the Exhibits attached thereto at the time of filing thereof (including the legal description and the plans of the Condominium) being hereby made for a more specific description of said Units. Together with the undivided allocated interests in and to the common elements as described and set forth in said Declaration and the Exhibits attached thereto at the time of filing thereof, reference to said Declaration and the Exhibits attached thereto being hereby made for a more detailed description of said common element

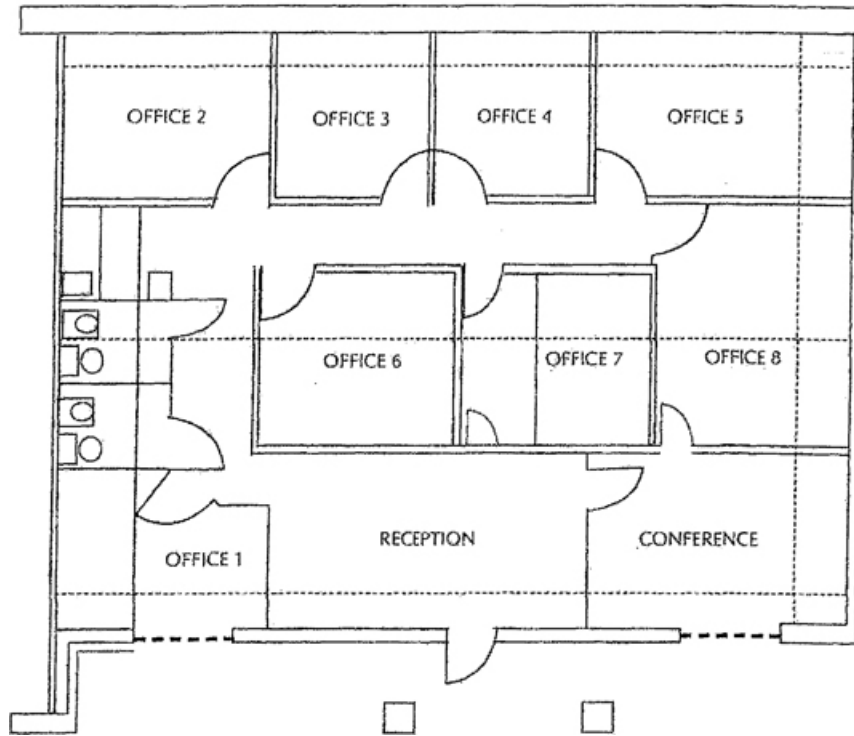
EXHIBIT B

Building Rules as referred to in number 12 of attached Lease Agreement.

“Tenant will comply with the rules of the Building adopted and altered by Landlord from time to time and will cause all of its agents, employees, invitees and visitors to do so; all changes to such rules will be sent by Landlord to Tenant in writing. The initial rules for the Building are attached hereto as Exhibit “B” and incorporated herein for all purposes.”

1. 211 New Edition Court, Cary, NC 27511 is a non-smoking building.
 2. No pets of any kind are allowed on the premises. This includes pets owned by but not limited to employees, partners, customers, and family members of tenants.
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SUITE 21.1



GUARANTY OF LEASE

THIS GUARANTY is given as of this 12th day of October, 2015, by Joshua Harley (the "Guarantor") in favor of Powell Commonwealth Associates, LLC, a North Carolina limited liability company (the "Landlord").

As a material inducement for the Landlord to enter into that certain lease agreement (as the same may be hereinafter modified or amended, the "Lease") between Landlord and Fathom Realty, LLC, a North Carolina limited liability company, hereinafter with its successors and assigns, "Tenant"), of even date herewith, and for other good and valuable consideration, the receipt of which is acknowledged, Guarantor agrees as follows:

1. Guarantor hereby unconditionally and absolutely guarantees to Landlord the full, prompt and complete payment by Tenant of the rent and all other sums payable by Tenant under the Lease and the full, prompt and complete performance by Tenant of all and singular the terms, covenants, conditions and provisions in the Lease required to be performed by Tenant.
 2. Guarantor hereby waives notice of acceptance hereof and any and all other notices which by law or under the terms and provisions of the Lease are required to be given to Tenant, and also waives any demand for or notice of the payment of rent and other sums payable by Tenant under the Lease and the performance of all and singular terms, covenants, conditions and provisions in the Lease required to be performed by Tenant; and Guarantor further expressly hereby waives any legal obligation, duty or necessity for Landlord to proceed first against Tenant or to exhaust any remedy Landlord may have against Tenant, it being agreed that in the event of default or failure of performance in any respect by Tenant under the Lease, Landlord may proceed and have right of action solely against Guarantor or Tenant or jointly against Guarantor and Tenant. Guarantor expressly waives any rights Guarantor may have under N.C.G.S. § 26-7, et seq.
 3. That any modification, amendment, change or extension of any of the terms, covenants or conditions of the Lease which Tenant and Landlord may hereafter make, or any forbearance, delay, neglect or failure on the part of Landlord in enforcing any of the terms, covenants, conditions or provisions of the Lease shall not in any way affect, impair or discharge Guarantor's unconditional liability to Landlord hereunder, nor shall Guarantor's liability hereunder be impaired, affected or discharged by any act done or omitted to be done or by any waiver by either Landlord or Tenant, notwithstanding that Guarantor may not have consented thereto or may not have notice or knowledge hereof.
 4. That this Guaranty shall continue during the entire term of the Lease and any renewals or extensions thereof and until Tenant has fully discharged all its obligations thereunder, and that this Guaranty shall not be diminished by any payment of rent or performance of the terms, covenants or conditions of the Lease by Landlord, by Tenant or by Guarantor, or by any assignment of the Tenant's interest in the Lease, or by subletting thereof until each and all of Tenant's obligations under the Lease have been fully discharged.
 5. Guarantor expressly agrees that Guarantor's obligations hereunder shall in no way be terminated, affected or impaired by reason of the granting by Landlord of any indulgences to Tenant or by reason of the assertion against Tenant of any of the rights or remedies reserved to Landlord pursuant to the provisions of the Lease or by the relief of the Tenant from any of the Tenant's obligations under the Lease by operation of law or otherwise, the undersigned hereby waiving all suretyship defenses. The terms of this Guaranty shall not be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Tenant or its estate in bankruptcy resulting from the operation of any preset or future provision of the Federal Bankruptcy Act or other statute regarding reorganization or insolvency.
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6. Guarantor agrees that Guarantor's liability hereunder shall be primary, and that in any right of action which shall accrue to the Landlord under the Lease, the Landlord, in addition to its rights and remedies stated above, may proceed against the Guarantor without having commenced any action against or having obtained any judgment against the Tenant. This is a guaranty of payment and performance and not of collection.

7. It is agreed that the failure of the Landlord to insist in any one or more instances upon strict performance or observance of any of the terms, provisions or covenants of the Lease or to exercise any right therein contained shall not be construed or deemed to be a waiver or relinquishment for the future of such term, provision, covenant or right, but the same shall continue and remain in full force and effect. Receipt by the Landlord of rent or other payments with acknowledgment of the breach of any provision of the Lease shall not be deemed a waiver of such breach.

8. No assignment or other transfer of the Lease, or any interest therein, shall operate to extinguish or diminish the liability of the Guarantor, whether or not the Guarantor shall have received any notice of or consented to such assignment or other transfer of the Lease or any interest therein.

9. Should any action at law or in equity be brought to enforce the provisions of this Guaranty or the rights of Landlord under the Lease or under this Guaranty, the non-prevailing party agrees to pay the costs and expenses of each such action, including the prevailing party's reasonable attorney's fees.

10. If at any time more than one person or entity shall be responsible in any capacity for the payment of rent and other charges and for the performance of the covenants and conditions of the Lease to be performed by the Tenant, the obligations of the Guarantor and all such other persons or entities shall be joint and several. This Guaranty or any of the provisions hereof cannot be modified, waived or terminated unless in a writing signed by the Landlord and the Guarantor. All obligations and liabilities to Guarantor pursuant to this Guaranty shall be binding upon the heirs, legal representatives, successors and assigns of each Guarantor. This Guaranty shall be governed by and construed in accordance with the applicable laws of the state of North Carolina (excluding conflict-of-laws principles). Venue of any and all actions arising in connection with this Guaranty shall reside in Wake County, North Carolina, or the county in which the real property the subject of the Lease is located.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty by hand and under seal as of the day and year first above written.

/s/ Joshua Harley (SEAL)
Joshua Harley

GUARANTY OF LEASE

THIS GUARANTY is given as of this 12th day of October 2015, by **Marco Fregenal** (the "Guarantor") in favor of **Powell Commonwealth Associates, LLC, a North Carolina limited liability company** (the "Landlord").

As a material inducement for the Landlord to enter into that certain lease agreement (as the same may be hereinafter modified or amended, the "Lease") between Landlord and **Fathom Realty, LLC, a North Carolina limited liability company**, hereinafter with its successors and assigns, "Tenant"), of even date herewith, and for other good and valuable consideration, the receipt of which is acknowledged, Guarantor agrees as follows:

1. Guarantor hereby unconditionally and absolutely guarantees to Landlord the full, prompt and complete payment by Tenant of the rent and all other sums payable by Tenant under the Lease and the full, prompt and complete performance by Tenant of all and singular the terms, covenants, conditions and provisions in the Lease required to be performed by Tenant.
 2. Guarantor hereby waives notice of acceptance hereof and any and all other notices which by law or under the terms and provisions of the Lease are required to be given to Tenant, and also waives any demand for or notice of the payment of rent and other sums payable by Tenant under the Lease and the performance of all and singular terms, covenants, conditions and provisions in the Lease required to be performed by Tenant; and Guarantor further expressly hereby waives any legal obligation, duty or necessity for Landlord to proceed first against Tenant or to exhaust any remedy Landlord may have against Tenant, it being agreed that in the event of default or failure of performance in any respect by Tenant under the Lease, Landlord may proceed and have right of action solely against Guarantor or Tenant or jointly against Guarantor and Tenant. Guarantor expressly waives any rights Guarantor may have under N.C.G.S. § 26-7, et seq.
 3. That any modification, amendment, change or extension of any of the terms, covenants or conditions of the Lease which Tenant and Landlord may hereafter make, or any forbearance, delay, neglect or failure on the part of Landlord in enforcing any of the terms, covenants, conditions or provisions of the Lease shall not in any way affect, impair or discharge Guarantor's unconditional liability to Landlord hereunder, nor shall Guarantor's liability hereunder be impaired, affected or discharged by any act done or omitted to be done or by any waiver by either Landlord or Tenant, notwithstanding that Guarantor may not have consented thereto or may not have notice or knowledge hereof.
 4. That this Guaranty shall continue during the entire term of the Lease and any renewals or extensions thereof and until Tenant has fully discharged all its obligations thereunder, and that this Guaranty shall not be diminished by any payment of rent or performance of the terms, covenants or conditions of the Lease by Landlord, by Tenant or by Guarantor, or by any assignment of the Tenant's interest in the Lease, or by subletting thereof until each and all of Tenant's obligations under the Lease have been fully discharged.
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5. Guarantor expressly agrees that Guarantor's obligations hereunder shall in no way be terminated, affected or impaired by reason of the granting by Landlord of any indulgences to Tenant or by reason of the assertion against Tenant of any of the rights or remedies reserved to Landlord pursuant to the provisions of the Lease or by the relief of the Tenant from any of the Tenant's obligations under the Lease by operation of law or otherwise, the undersigned hereby waiving all suretyship defenses. The terms of this Guaranty shall not be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Tenant or its estate in bankruptcy resulting from the operation of any preset or future provision of the Federal Bankruptcy Act or other statute regarding reorganization or insolvency.

6. Guarantor agrees that Guarantor's liability hereunder shall be primary, and that in any right of action which shall accrue to the Landlord under the Lease, the Landlord, in addition to its rights and remedies stated above, may proceed against the Guarantor without having commenced any action against or having obtained any judgment against the Tenant. This is a guaranty of payment and performance and not of collection.

7. It is agreed that the failure of the Landlord to insist in any one or more instances upon strict performance or observance of any of the terms, provisions or covenants of the Lease or to exercise any right therein contained shall not be construed or deemed to be a waiver or relinquishment for the future of such term, provision, covenant or right, but the same shall continue and remain in full force and effect. Receipt by the Landlord of rent or other payments with acknowledgment of the breach of any provision of the Lease shall not be deemed a waiver of such breach.

8. No assignment or other transfer of the Lease, or any interest therein, shall operate to extinguish or diminish the liability of the Guarantor, whether or not the Guarantor shall have received any notice of or consented to such assignment or other transfer of the Lease or any interest therein.

9. Should any action at law or in equity be brought to enforce the provisions of this Guaranty or the rights of Landlord under the Lease or under this Guaranty, the non-prevailing party agrees to pay the costs and expenses of each such action, including the prevailing party's reasonable attorney's fees.

10. If at any time more than one person or entity shall be responsible in any capacity for the payment of rent and other charges and for the performance of the covenants and conditions of the Lease to be performed by the Tenant, the obligations of the Guarantor and all such other persons or entities shall be joint and several. This Guaranty or any of the provisions hereof cannot be modified, waived or terminated unless in a writing signed by the Landlord and the Guarantor. All obligations and liabilities to Guarantor pursuant to this Guaranty shall be binding upon the heirs, legal representatives, successors and assigns of each Guarantor. This Guaranty shall be governed by and construed in accordance with the applicable laws of the state of North Carolina (excluding conflict-of-laws principles). Venue of any and all actions arising in connection with this Guaranty shall reside in Wake County, North Carolina, or the county in which the real property the subject of the Lease is located.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty by hand and under seal as of the day and year first above written.

/s/ Marco Fregenal (SEAL)
Marco Fregenal



COMMERCIAL, LEASE AGREEMENT (Single Tenant Facility)

(Note: This form is not intended to be used as a Sublease and SHOULD NOT be used in Sublease circumstances)

THIS COMMERCIAL LEASE AGREEMENT, including any and all addenda attached hereto ("Lease"), is by and between King Commercial Properties, LLC, a(n) NC Limited Liability Company ("Landlord"), (individual or State of formation and type of entity) whose address is: 10724 Beaver Pond Lane, Raleigh, NC 27614, and Fathom Realty, LLC a(n) NC Limited Liability Company ("Tenant") (individual or State of formation and type of entity) whose address is 211 New Edition Court, Cary, NC 27511

[] If this box is checked, the obligations of Tenant under this Lease are secured by the guaranty of _____ (name(s) of guarantor(s)) attached hereto and incorporated herein by reference. (Note: Any guaranty should be prepared by an attorney at law.)

For and in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

PREMISES

1. Landlord leases unto Tenant, and Tenant hereby leases and takes upon the terms and conditions which hereinafter appear, the following described property, including any improvements located thereon (hereinafter called the "Premises"), to wit:

(Address): 209 New Edition Court, Cary, NC 27511

[X] All [] A portion of the property in Deed Reference: Book 16691, Page No. 2537, Wake County; consisting of approximately _____ acres. Plat Reference: Lot(s) _____, Block or Section _____, as shown on Plat Book or Slide _____ at Page(s) _____, _____ County, consisting of _____ acres.

[X] If this box is checked, Premises shall mean that property described on Exhibit A attached hereto and incorporated herewith by reference. (For information purposes only, the tax parcel number of the Premises is: PIN # 0763346454 ID # 0228475)

TERM

2. The term of this Lease shall commence on December 1, 2017 ("Lease Commencement Date"), and shall end at 11:59 p.m. (based upon the time at the locale of the Premises) on November 30, 2020, unless sooner terminated as herein provided. The first Lease Year Anniversary shall be the date twelve (12) calendar months after the first day of the first full month immediately following the Lease Commencement Date and successive Lease Year Anniversaries shall be the date twelve (12) calendar months from the previous Lease Year Anniversary.

[X] If this box is checked, Tenant shall have the option of renewing this Lease, upon written notice given to Landlord at least 150 days prior to the end of the then expiring term of this Lease, for 1 additional term(s) of 5 years each.

STANDARD FORM 592-T Revised 7/2017 © 7/2017

North Carolina Association of REALTORS®, Inc. Tenant Initials _____ MF _____ Landlord Initials _____ TK _____



Option to Lease- If this box is checked, Tenant, upon the payment of the sum of \$ _____ (which sum is not rental or security deposit hereunder, but is consideration for this Option to Lease and is non-refundable under any circumstances) shall have a period of _____ days prior to the Lease Commencement Date ("Option Period") in which to inspect the Premises and make inquiry regarding such sign regulations, zoning regulations, utility availability, private restrictions or permits or other regulatory requirements as Tenant may deem appropriate to satisfy itself as to the use of the Premises for Tenant's intended purposes. Tenant shall conduct all such on-site inspections, examinations, inquiries and other review of the Premises in a good and workmanlike manner, shall repair any damage to the Premises caused by Tenant's entry and on-site inspections and shall conduct same in a manner that does not unreasonably interfere with Landlord's or any tenant's use and enjoyment of the Premises. In that respect, Tenant shall make reasonable efforts to undertake on-site inspections outside of the hours any tenant's business is open to the public and shall give prior notice to the tenant at the Premises of any entry onto the Premises for the purpose of conducting inspections. Upon Landlord's request, Tenant shall provide to Landlord evidence of general liability insurance. Tenant shall also have a right to review and inspect all contracts or other agreements affecting or related directly to the Premises and shall be entitled to review such books and records of Landlord that relate directly to the operation and maintenance of the Premises, provided, however, that Tenant shall not disclose any information regarding the Premises (or any tenant therein) unless required by law and the same shall be regarded as confidential, to any person, except to its attorneys, accountants, lenders and other professional advisors, in which case Tenant shall obtain their agreement to maintain such confidentiality. Tenant assumes all responsibility for the acts of itself, its agents or representatives in exercising its rights under this Option to Lease and agrees to indemnify and hold Seller harmless from any damages resulting therefrom. This indemnification obligation of Tenant shall survive the termination of this Option to Lease or this Lease. Tenant shall, at Tenant's expense, promptly repair any damage to the Premises caused by Tenant's entry and on-site inspections. **IF TENANT CHOOSES NOT TO LEASE THE PREMISES, FOR ANY REASON OR NO REASON, AND PROVIDES WRITTEN NOTICE TO LANDLORD THEREOF PRIOR TO THE EXPIRATION OF THE OPTION PERIOD, THEN THIS LEASE SHALL TERMINATE AND NEITHER PARTY SHALL HAVE ANY FURTHER OBLIGATIONS HEREUNDER AND LANDLORD SHALL RETURN TO TENANT ANY RENTAL OR SECURITY DEPOSIT PAID TO LANDLORD HEREUNDER.** Tenant shall be deemed to have exercised its Option to Lease and to be bound under the terms of this Lease if (i) Tenant shall occupy the Premises prior to the expiration of the Option Period, whereupon tire date of occupancy shall be deemed the Lease Commencement Date, or (ii) Tenant shall not provide written notice to Landlord of its termination of this Lease prior to the expiration of the Option Period.

RENTAL

3 . Beginning on December 1, 2017 ("Rent Commencement Date"), Tenant agrees to pay Landlord (or its Agent as directed by Landlord), without notice, demand, deduction or set off, an annual rental of \$ See Exhibit B, payable in equal monthly installments of \$ See Exhibit B, in advance on the first day of each calendar month during the term hereof. Upon execution of this Lease, Tenant shall pay to Landlord the first monthly installment of rent due hereunder. Rental for any period during the term hereof which is less than one month shall be the pro-rated portion of the monthly installment of rental due, based upon a 30 day month.

If this box is checked, the annual rental payable hereunder (and accordingly the monthly installments) shall be adjusted every _____ Lease Year Anniversary by _____ % over the amount then payable hereunder. In the event renewal of this Lease is provided for in paragraph 2 hereof and effectively exercised by Tenant, the rental adjustments provided herein shall apply to the term of the Lease so renewed, or

If this box is checked, the annual rental payable hereunder (and accordingly the monthly installments) shall be adjusted every _____ Lease Year Anniversary by the greater of: (i) _____ percent (_____ %) over the amount then payable hereunder or, (ii) the percentage increase (but not any decrease) in the numerical index of the "Consumer Price Index for All Urban Consumers" (1982-84 = 100) published by the Bureau of Labor Statistics of the United States Department of Labor ("CPI") for the immediately preceding twelve (12) month period over the amount then payable hereunder.

If this box is checked, the annual rental payable hereunder (and accordingly the monthly installments) shall be adjusted every _____ Lease Year Anniversary by \$ _____ over the amount then payable hereunder. In the event renewal of this Lease is provided for in paragraph 2 hereof and effectively exercised by Tenant, the rental adjustments provided herein shall apply to the term of the Lease so renewed.

If this box is checked, Tenant shall pay all rental to Landlord's Agent at the following address:

King Commercial Properties, LLC
10724 Beaver Pond Lane, Raleigh, NC 27614

STANDARD FORM 592-T
Revised 7/2017
© 7/2017

Tenant Initials _____ MF _____ Landlord Initials _____ TK _____

LATE CHARGES

4. If Landlord fails to receive full rental payment within 5 days after it becomes due, Tenant shall pay Landlord, as additional rental, a late charge equal to Five Point Zero percent 5.0 (%) of the overdue amount or \$ 100.00 whichever is greater, plus any actual bank fees incurred for dishonored payments. The parties agree that such a late charge represents a fair and reasonable estimate of the cost Landlord will incur by reason of such late payment.

SECURITY DEPOSIT

5. Upon the execution of this Lease, Tenant shall deposit with Landlord the sum of \$ 1625.00 as a security deposit which shall be held by Landlord as security for the full and faithful performance by Tenant of each and every term, covenant and condition of this Lease. The security deposit does not represent payment of and Tenant shall not presume application of same as payment of the last monthly installment of rental due under this Lease. Landlord shall have no obligation to segregate or otherwise account for the security deposit except as provided in this paragraph 5. If any of the rental or other charges or sums payable by Tenant shall be over-due and unpaid or should payments be made by Landlord on behalf of Tenant, or should Tenant fail to perform any of the terms of this Lease, then Landlord may, at its option, appropriate and apply the security deposit, or so much thereof as may be necessary, to compensate toward the payment of the rents, charges or other sums due from Tenant, or towards any loss, damage or expense sustained by Landlord resulting from such default on the part of the Tenant; and in such event Tenant upon demand shall restore the security deposit to the amount set forth above in this paragraph 5. In the event Tenant furnishes Landlord with proof that all utility bills and other bills of Tenant related to the Premises have been paid through the date of Lease termination, and performs all of Tenant's other obligations under this Lease, the security deposit shall be returned to Tenant within sixty (60) days after the date of the expiration or sooner termination of the term of this Lease and the surrender of the Premises by Tenant in compliance with the provisions of this Lease.

If this box is checked, Agent shall hold the security deposit in trust and shall be entitled to the interest, if any, thereon.

UTILITY BILLS/SERVICE CONTRACTS

6. Landlord and Tenant agree that utility bills and service contracts ("Service Obligations") for the Premises shall be paid by the party indicated below as to each Service Obligation. In each instance, the party undertaking responsibility for payment of a Service Obligation covenants that they will pay the applicable bills prior to delinquency. The responsibility to pay for a Service Obligation shall include all metering, hook-up fees or other miscellaneous charges associated with establishing, installing and maintaining such utility or contract in said party's name. Within thirty (30) days of the Lease Commencement Date, Tenant shall provide Landlord with a copy of any requested Tenant Service Obligation information.

Service Obligation	Landlord	Tenant	Not Applicable
Sewer/Septic	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electric	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gas	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Telephone	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HVAC (maintenance/service contract)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Elevator (including phone line)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Security System	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Fiber Optic	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Janitor/Cleaning	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Trash/Dumpster	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Landscaping/Maintenance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sprinkler System (including phone line)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Control	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Interior Appliances	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Hot Water Heater	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Landlord shall not be liable for injury to Tenant's business or loss of income therefrom or for damage that may be sustained by the person, merchandise or personal property of Tenant, its employees, agents, invitees or contractors or any other person in or about the Premises, caused by or resulting from fire, steam, electricity, gas, water or rain, which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of any utility installations, air conditioning system or other components of the Premises, except to the extent that such damage or loss is caused by Landlord's gross negligence or willful misconduct. Landlord represents and warrants that the heating, ventilation and air conditioning system(s) and utility installations existing as of the Lease Commencement Date shall be in good order and repair. Subject to the provisions of this paragraph 6, Landlord shall not be liable in damages or otherwise for any discontinuance, failure or interruption of service to the Premises of utilities or the heating, ventilation and air conditioning system(s) and Tenant shall have no right to terminate this Lease or withhold rental because of the same.

RULES AND REGULATIONS

7. The rules and regulations, if any, attached hereto ("Rules and Regulations") are made a part of this Lease. Tenant agrees to comply with any Rules and Regulations of Landlord in connection with the Premises which are in effect at the time of the execution of the Lease or which may be from time to time promulgated by Landlord in its reasonable discretion, provided such Rules and Regulations are in writing and are not in conflict with the terms and conditions of the Lease.

PERMITTED USES

8. The permitted use of the Premises shall be: OFFICE ("Permitted Use"). The Premises shall be used and wholly occupied by Tenant solely for the purposes of conducting the Permitted Use, and the Premises shall not be used for any other purposes unless Tenant obtains Landlord's prior written approval of any change in use. Landlord makes no representation or warranty regarding the suitability of the Premises for or the legality (under zoning or other applicable ordinances) of the Permitted Use for the Premises, provided however, that Landlord does represent that it has no contractual obligations with other parties which will materially interfere with or prohibit the Permitted Use of Tenant at the Premises. At Tenant's sole expense, Tenant shall procure, maintain and make available for Landlord's inspection from time to time any governmental license(s) or permit(s) required for the proper and lawful conduct of Tenant's business in the Premises. Tenant shall not cause or permit any waste to occur in the Premises and shall not overload the floor, or any mechanical, electrical, plumbing or utility systems serving the Premises. Tenant shall keep the Premises, and every part thereof, in a clean and wholesome condition, free from any objectionable noises, loud music, objectionable odors or nuisances.

TAXES AND INSURANCE

9. Landlord shall pay all taxes (including but not limited to, ad valorem taxes, special assessments and any other governmental charges) on the Premises and shall procure and pay for such commercial general liability, broad form fire and extended and special perils insurance with respect to the Premises as Landlord in its reasonable discretion may deem appropriate. Tenant shall reimburse Landlord for all taxes and insurance as provided herein within fifteen (15) days after receipt of notice from Landlord as to the amount due. Tenant shall be solely responsible for insuring Tenant's personal and business property and for paying any taxes or governmental assessments levied thereon. Tenant shall reimburse Landlord for taxes and insurance during the term of this Lease, and any extension or renewal thereof. **If boxes are checked below, the manner of reimbursement shall be as indicated:**

Taxes

The amount by which all taxes (including but not limited to, ad valorem taxes, special assessments and any other governmental charges) on the Premises for each tax year exceed all taxes on the Premises for the tax year _____; or

All taxes (including but not limited to, ad valorem taxes, special assessments and any other governmental charges) on the Premises for each tax year.

If the final Lease Year of the term fails to coincide with the tax year, then any excess for the tax year during which the term ends shall be reduced by the pro rata part of such tax year beyond the Lease term. If such taxes for the year in which the Lease terminates are not ascertainable before payment of the last month's rental, then the amount of such taxes assessed against the Premises for the previous tax year shall be used as a basis for determining the pro rata share, if any, to be paid by Tenant for that portion of the last Lease Year.

- If this box is checked, Tenant shall reimburse Landlord for taxes by paying to Landlord, beginning on the Rent Commencement Date and on the first day of each calendar month during the term hereof, an amount equal to one-twelfth (1/12) of the then current tax payments for the Premises. Upon receipt of bills, statements or other evidence of taxes due, Landlord shall pay or cause to be paid the taxes. If at any time the reimbursement payments by Tenant hereunder do not equal the amount of taxes paid by Landlord, Tenant shall upon demand pay to Landlord an amount equal to the deficiency or Landlord shall refund to Tenant any overpayment (as applicable) as documented by Landlord. Landlord shall have no obligation to segregate or otherwise account for the tax reimbursements paid hereunder except as provided in this paragraph 9.

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Insurance

- the excess cost of commercial general liability, broad form fire and extended and special perils insurance with respect to the Premises over the cost of the first year of the Lease term for each subsequent year during the term of this Lease; or
- the cost of all commercial general liability, broad form fire and extended and special perils insurance with respect to the Premises.
- If this box is checked, Tenant shall reimburse Landlord for insurance by paying to Landlord, beginning on the Rent Commencement Date and on the first day of each calendar month during the term hereof, an amount equal to one-twelfth (1/12) of the then current insurance premiums for the Premises. Upon receipt of bills, statements or other evidence of insurance premiums due, Landlord shall pay or cause to be paid the insurance premiums. If at any time the reimbursement payments by Tenant hereunder do not equal the amount of insurance premiums paid by Landlord, Tenant shall upon demand pay to Landlord an amount equal to the deficiency or Landlord shall refund to Tenant any overpayment (as applicable) as documented by Landlord. Landlord shall have no obligation to segregate or otherwise account for the insurance premium reimbursements paid hereunder except as provided in this paragraph 9.

(Note: The following box should only be checked if there are no boxes checked above in this paragraph 9.)
 If this box is checked, Tenant shall have no responsibility to reimburse Landlord for taxes or insurance.

Provided however, notwithstanding any provision of the foregoing, that in the event Tenant's use of the Premises results in an increase in the rate of insurance on the Premises, Tenant shall pay to Landlord, upon demand and as additional rental, the amount of any such increase.

INSURANCE; WAIVER; INDEMNITY

10. (a) During the term of this Lease, Tenant shall maintain commercial general liability insurance coverage (occurrence coverage) with broad form contractual liability coverage and with coverage limits of not less than 1,000,000.00 combined single limit, per occurrence, specifically including liquor liability insurance covering consumption of alcoholic beverages by customers of Tenant should Tenant choose to sell alcoholic beverages. Such policy shall insure Tenant's performance of the indemnity provisions of this Lease, but the amount of such insurance shall not limit Tenant's liability nor relieve Tenant of any obligation hereunder. All policies of insurance provided for herein shall name as "additional insureds" Landlord, Landlord's Agent, all mortgagees of Landlord and such other individuals or entities as Landlord may from time to time designate upon written notice to Tenant. Tenant shall provide to Landlord, at least thirty (30) days prior to expiration, certificates of insurance to evidence any renewal or additional insurance procured by Tenant. Tenant shall provide evidence of all insurance required under this Lease to Landlord prior to the Lease Commencement Date.

(b) Landlord (for itself and its insurer) waives any rights, including rights of subrogation, and Tenant (for itself and its insurer) waives any rights, including rights of subrogation, each may have against the other for compensation of any loss or damage occasioned to Landlord or Tenant arising from any risk generally covered by the "all risks" insurance required to be carried by Landlord and Tenant. The foregoing waivers of subrogation shall be operative only so long as available in the State of North Carolina. The foregoing waivers shall be effective whether or not the parties maintain the insurance required to be carried pursuant to this Lease.

(c) Except as otherwise provided in paragraph 10(b), Tenant indemnifies Landlord for damages proximately caused by the negligence or wrongful conduct of Tenant and Tenant's employees, agents, invitees or contractors. Except as otherwise provided in paragraph 10(b), Landlord indemnifies Tenant for damages proximately caused by the negligence or wrongful conduct of Landlord and Landlord's employees, agents, invitees or contractors. The indemnity provisions in this paragraph 10 cover personal injury and property damage and shall bind the employees, agents, invitees or contractors of Landlord and Tenant (as the case may be). The indemnity obligations in this paragraph 10 shall survive the expiration or earlier termination of this Lease.

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REPAIRS BY LANDLORD

11. Landlord agrees to keep in good repair the roof, foundation, structural supports and exterior walls of the buildings located on the Premises (exclusive of all glass and exclusive of all exterior doors) and, except as may be specifically allocated to Tenant in paragraph 12 herein, Landlord agrees to be responsible for capital repairs and replacements on the Premises; provided that Landlord shall not be responsible for repairs or capital repairs or replacements rendered necessary by the negligence or intentional wrongful acts of Tenant, its employees, agents, invitees or contractors. Tenant shall promptly report in writing to Landlord any defective condition known to it which Landlord is required to repair or replace and failure to report such conditions shall make Tenant responsible to Landlord for any liability incurred by Landlord by reason of such conditions.

(Note: Should Landlord and Tenant need to further detail the allocation of responsibility hereunder, the Special Stipulations box at the end of the Lease should be checked and such allocation should be specified on an Exhibit B.)

REPAIRS BY TENANT

12. (a) Tenant accepts the Premises in their present condition and as suited for the Permitted Use and Tenant’s intended purposes. Tenant, throughout the initial term of this Lease, and any extension or renewal thereof, at its expense, shall maintain in good order and repair the Premises, (except those repairs expressly required to be made by Landlord hereunder), specifically including but not limited to any building and other improvements located thereon, all light bulb and ballast replacements, plumbing fixtures and systems repairs within the Premises and water heater repairs. Tenant further agrees to care for the grounds around the building, including the mowing of grass, care of shrubs and general landscaping. Tenant shall use only licensed contractors for repairs where such license is required. Landlord shall have the right to approve the contractor as to any repairs in excess of \$ 1500.00.

If this box is checked, Tenant, at its expense, shall maintain the heating, ventilation and air conditioning system(s) in good order and repair, including but not limited to replacement of parts, compressors, air handling units and heating units. Provided that Tenant shall have obtained Landlord’s prior written approval of the contractor and the repair or replacement expenses for heating, ventilation and air conditioning equipment, Tenant shall not be liable for more than \$ _____ (per occurrence) or \$ _____ (annually), and Landlord shall reimburse Tenant for the amount in excess of the stated amount upon the written request of Tenant.

If this box is checked, Landlord, at its expense, shall maintain the heating, ventilation and air conditioning system(s) in good order and repair, including but not limited to replacement of parts, compressors, air handling units and heating units. Provided that, Tenant shall reimburse Landlord an amount up to \$ N/A (per occurrence) or \$ N/A (annually), and Landlord shall be responsible for the amount in excess of the stated amount. Tenant shall reimburse Landlord for the amount of Tenant’s obligation hereunder upon the written request of Landlord.

(b) Tenant agrees to return the Premises to Landlord at the expiration or prior termination of this Lease, in as good condition and repair as on the Lease Commencement Date, natural wear and tear, damage by storm, fire, lightning, earthquake or other casualty alone excepted. Tenant, Tenant’s employees, agents, invitees or contractors shall take no action which may void any manufacturers or installers warranty with relation to the Premises. Tenant shall indemnify and hold Landlord harmless from any liability, claim, demand or cause of action arising on account of Tenant’s breach of the provisions of this paragraph 12.

ALTERATIONS

13. Tenant shall not make any alterations, additions, or improvements to the Premises without Landlord’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall promptly remove any alterations, additions, or improvements constructed in violation of this paragraph 13 upon Landlord’s written request. All approved alterations, additions, and improvements will be accomplished in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord, free of any liens or encumbrances. Landlord may require Tenant to remove any alterations, additions or improvements (whether or not made with Landlord’s consent) at the termination of the Lease and to restore the Premises to its prior condition, all at Tenant’s expense. All alterations, additions and improvements which Landlord has not required Tenant to remove shall become Landlord’s property and shall be surrendered to Landlord upon the termination of this Lease, except that Tenant may remove any of Tenant’s machinery, equipment or trade fixtures which can be removed without material damage to the Premises. Tenant shall repair, at Tenant’s expense, any damage to the Premises caused by the removal of any such machinery, equipment or trade fixtures.

DESTRUCTION OF OR DAMAGE TO PREMISES

14. (a) If the Premises are totally destroyed by storm, fire, lightning, earthquake or other casualty, Landlord shall have the right to terminate this Lease on written notice to Tenant within thirty (30) days after such destruction and this Lease shall terminate as of the date of such destruction and rental shall be accounted for as between Landlord and Tenant as of that date.

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(b) If the Premises are damaged but not wholly destroyed by any such casualties or if the Landlord does not elect to terminate the Lease under paragraph 14(a) above, Landlord shall commence (or shall cause to be commenced) reconstruction of the Premises within one hundred twenty (120) days after such occurrence and prosecute the same diligently to completion, not to exceed two hundred seventy (270) days from the date upon which Landlord receives applicable permits and insurance proceeds. In the event Landlord shall fail to substantially complete reconstruction of the Premises within said two hundred seventy (270) day period, Tenant's sole remedy shall be to terminate this Lease.

(c) In the event of any casualty at the Premises during the last one (1) year of the Lease Term, Landlord and Tenant each shall have the option to terminate this Lease on written notice to the other of exercise thereof within sixty (60) days after such occurrence.

(d) In the event of reconstruction of the Premises, Tenant shall continue the operation of its business in the Premises during any such period to the extent reasonably practicable from the standpoint of prudent business management, and the obligation of Tenant to pay annual rental and any other sums due under this Lease shall remain in full force and effect during the period of reconstruction. The annual rental and other sums due under this Lease shall be abated proportionately with the degree to which Tenant's use of the Premises is impaired, commencing from the date of destruction and continuing during the period of such reconstruction. Tenant shall not be entitled to any compensation or damages from Landlord for loss of use of the whole or any part of the Premises, Tenant's personal property, or any inconvenience or annoyance occasioned by such damage, reconstruction or replacement.

(e) In the event of the termination of this Lease under any of the provisions of this paragraph 14, both Landlord and Tenant shall be released from any liability or obligation under this Lease arising after the date of termination, except as otherwise provided for in this Lease.

GOVERNMENTAL ORDERS

15. Tenant, at its own expense, agrees to comply with: (a) any law, statute, ordinance, regulation, rule, requirement, order, court decision or procedural requirement of any governmental or quasi-governmental authority having jurisdiction over the Premises, (b) the rules and regulations of any applicable governmental insurance authority or any similar body, relative to the Premises and Tenant's activities therein; (c) provisions of or rules enacted pursuant to any private use restrictions, as the same may be amended from time to time and (d) the Americans with Disabilities Act (42 U.S.C.S. §12101, et seq.) and the regulations and accessibility guidelines enacted pursuant thereto, as the same may be amended from time to time. Landlord and Tenant agree, however, that if in order to comply with such requirements the cost to Tenant shall exceed a sum equal to one (1) year's rent, then Tenant may terminate this Lease by giving written notice of termination to Landlord in accordance with the terms of this Lease, which termination shall become effective sixty (60) days after receipt of such notice and which notice shall eliminate the necessity of compliance with such requirements, unless, within thirty (30) days of receiving such notice, Landlord agrees in writing to be responsible for such compliance, at its own expense, and commences compliance activity, in which case Tenant's notice given hereunder shall not terminate this Lease.

CONDEMNATION

16. (a) If the entire Premises shall be appropriated or taken under the power of eminent domain by any governmental or quasi-governmental authority or under threat of and in lieu of condemnation (hereinafter, "taken" or "taking"), this Lease shall terminate as of the date of such taking, and Landlord and Tenant shall have no further liability or obligation arising under this Lease after such date, except as otherwise provided for in this Lease.

(b) If more than twenty-five percent (25%) of the floor area of any building of the Premises is taken, or if by reason of any taking, regardless of the amount so taken, the remainder of the Premises is not one undivided space or is rendered unusable for the Permitted Use, either Landlord or Tenant shall have the right to terminate this Lease as of the date Tenant is required to vacate the portion of the Premises taken, upon giving notice of such election within thirty (30) days after receipt by Tenant from Landlord of written notice that said Premises have been or will be so taken. In the event of such termination, both Landlord and Tenant shall be released from any liability or obligation under this Lease arising after the date of termination, except as otherwise provided for in this Lease.

(c) Landlord and Tenant, immediately after learning of any taking, shall give notice thereof to each other.

(d) If this Lease is not terminated on account of a taking as provided herein above, then Tenant shall continue to occupy that portion of the Premises not taken and the parties shall proceed as follows: (i) at Landlord's cost and expense and as soon as reasonably possible, Landlord shall restore (or shall cause to be restored) the Premises remaining to a complete unit of like quality and character as existed prior to such appropriation or taking, and (ii) the annual rent provided for in paragraph 3 and other sums due under the Lease shall be reduced on an equitable basis, taking into account the relative values of the portion taken as compared to the portion remaining. Tenant waives any statutory rights of termination that may arise because of any partial taking of the Premises.

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(c) Landlord shall be entitled to the entire condemnation award for any taking of the Premises or any part thereof. Tenant's right to receive any amounts separately awarded to Tenant directly from the condemning authority for the taking of its merchandise, personal property, relocation expenses and/or interests in other than the real property taken shall not be affected in any manner by the provisions of this paragraph 16, provided Tenant's award does not reduce or affect Landlord's award and provided further, Tenant shall have no claim for the loss of its leasehold estate.

ASSIGNMENT AND SUBLETTING

17. Tenant shall not assign this Lease or any interest hereunder or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than the Tenant, without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Consent to any assignment or sublease shall not impair this provision and all later assignments or subleases shall be made likewise only on the prior written consent of Landlord. No sublease or assignment by Tenant shall relieve Tenant of any liability hereunder.

EVENTS OF DEFAULT

18. The happening of any one or more of the following events (hereinafter any one of which may be referred to as an "Event of Default") during the term of this Lease, or any renewal or extension thereof, shall constitute a breach of this Lease on the part of the Tenant: (a) Tenant fails to pay when due the rental or any other monetary obligation as provided for herein; (b) Tenant abandons or vacates the Premises; (c) Tenant fails to comply with or abide by and perform any non-monetary obligation imposed upon Tenant under this Lease within thirty (30) days after written notice of such breach; (d) Tenant is adjudicated bankrupt; (e) A permanent receiver is appointed for Tenant's property and such receiver is not removed within sixty (60) days after written notice from Landlord to Tenant to obtain such removal; (f) Tenant, either voluntarily or involuntarily, takes advantage of any debt or relief proceedings under any present or future law, whereby the rent or any part thereof is, or is proposed to be, reduced or payment thereof deferred and such proceeding is not dismissed within sixty (60) days of the filing thereof; (g) Tenant makes an assignment for benefit of creditors; or (h) Tenant's effects are levied upon or attached under process against Tenant, which is not satisfied or dissolved within thirty (30) days after written notice from Landlord to Tenant to obtain satisfaction thereof.

REMEDIES UPON DEFAULT

19. Upon the occurrence of Event of Default, Landlord may pursue any one or more of the following remedies separately or concurrently, without prejudice to any other remedy herein provided or provided by law: (a) Landlord may terminate this Lease by giving written notice to Tenant and upon such termination shall be entitled to recover from Tenant damages as may be permitted under applicable law; or (b) Landlord may terminate this Lease by giving written notice to Tenant and, upon such termination, shall be entitled to recover from the Tenant damages in an amount equal to all rental which is due and all rental which would otherwise have become due throughout the remaining term of this Lease, or any renewal or extension thereof (as if this Lease had not been terminated); or (c) Landlord, as Tenant's agent, without terminating this Lease, may enter upon and rent the Premises, in whole or in part, at the best price obtainable by reasonable effort, without advertisement and by private negotiations and for any term Landlord deems proper, with Tenant being liable to Landlord for the deficiency, if any, between Tenant's rent hereunder and the price obtained by Landlord on reletting, provided however, that Landlord shall not be considered to be under any duty by reason of this provision to take any action to mitigate damages by reason of Tenant's default and expressly shall have no duty to mitigate Tenant's damages. No termination of this Lease prior to the normal ending thereof, by lapse of time or otherwise, shall affect Landlord's right to collect rent for the period prior to termination thereof. Tenant acknowledges and understands that Landlord's acceptance of partial rental will not waive Tenant's breach of this Lease or limit Landlord's rights against Tenant hereunder or Landlord's right to evict Tenant through a summary ejection proceeding, whether filed before or after Landlord's acceptance of any such partial rental.

EXTERIOR SIGNS

20. Tenant shall place no signs upon the outside walls, doors or roof of the Premises, except with the express written consent of the Landlord in Landlord's sole discretion. Any consent given by Landlord shall expressly not be a representation of or warranty of any legal entitlement to signage at the Premises. Any and all signs placed on the Premises by Tenant shall be maintained in compliance with governmental rules and regulations governing such signs and Tenant shall be responsible to Landlord for any damage caused by installation, use or maintenance of said signs, and all damage incident to removal thereof.

LANDLORD'S ENTRY OF PREMISES

21. Landlord may advertise the Premises "For Rent" or "For Sale" 90 days before the termination of this Lease. Landlord may enter the Premises upon prior notice at reasonable hours to exhibit same to prospective purchasers or tenants, to make repairs required of Landlord under the terms hereof, for reasonable business purposes and otherwise as may be agreed by Landlord and Tenant. Landlord may enter the Premises at any time without prior notice, in the event of an emergency or to make emergency repairs to the Premises. Upon request of Landlord, Tenant shall provide Landlord with a functioning key to the Premises and shall replace such key if the locks to the Premises are changed.

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Revised 7/2017
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QUIET ENJOYMENT

22. So long as Tenant observes and performs the covenants and agreements contained herein, it shall at all times during the Lease term peacefully and quietly have and enjoy possession of the Premises, subject to the terms hereof.

HOLDING OVER

23. If Tenant remains in possession of the Premises after expiration of the term hereof, Tenant shall be a tenant at sufferance and there shall be no renewal of this Lease by operation of law. In such event, commencing on the date following the date of expiration of the term, the monthly rental payable under Paragraph 3 above shall for each month, or fraction thereof during which Tenant so remains in possession of the Premises, be twice the monthly rental otherwise payable under Paragraph 3 above.

ENVIRONMENTAL LAWS

24. (a) Tenant covenants that with respect to any Hazardous Materials (as defined below) it will comply with any and all federal, state or local laws, ordinances, rules, decrees, orders, regulations or court decisions relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises or soil and ground water conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act, the Hazardous Materials Transportation Act, any other legal requirement concerning hazardous or toxic substances, and any amendments to the foregoing (collectively, all such matters being "Hazardous Materials Requirements"). Tenant shall remove from the Premises, all Hazardous Materials that were placed on the Premises by Tenant or Tenant's employees, agents, invitees or contractors, either after their use by Tenant or upon the expiration or earlier termination of this Lease, in compliance with all Hazardous Materials Requirements.

(b) Tenant shall be responsible for obtaining all necessary permits in connection with its use, storage and disposal of Hazardous Materials, and shall develop and maintain, and where necessary file with the appropriate authorities, all reports, receipts, manifest, filings, lists and invoices covering those Hazardous Materials and Tenant shall provide Landlord with copies of all such items upon request. Tenant shall provide within five (5) days after receipt thereof, copies of all notices, orders, claims or other correspondence from any federal, state or local government or agency alleging any violation of any Hazardous Materials Requirements by Tenant, or related in any manner to Hazardous Materials. In addition, Tenant shall provide Landlord with copies of all responses to such correspondence at the time of the response.

(c) Tenant hereby indemnifies and holds harmless Landlord, its successors and assigns from and against any and all losses, liabilities, damages, injuries, penalties, fines, costs, expenses and claims of any and every kind whatsoever (including attorney's fees and costs) paid, incurred or suffered by, or asserted against Landlord as a result of any claim, demand or judicial or administrative action by any person or entity (including governmental or private entities) for, with respect to, or as a direct or indirect result of, the presence on or under or the escape, seepage, leakage, spillage, discharge, emission or release from the Premises of any Hazardous Materials caused by Tenant or Tenant's employees, agents, invitees or contractors. This indemnity shall also apply to any release of Hazardous Materials caused by a fire or other casualty to the Premises if such Hazardous Materials were stored on the Premises by Tenant, its agents, employees, invitees or successors in interest.

(d) For purposes of this Lease, "Hazardous Materials" means any chemical, compound, material, substance or other matter that: (i) is defined as a hazardous substance, hazardous material or waste, or toxic substance pursuant to any Hazardous Materials Requirements, (ii) is regulated, controlled or governed by any Hazardous Materials Requirements, (iii) is petroleum or a petroleum product, or (iv) is asbestos, formaldehyde, a radioactive material, drug, bacteria, virus, or other injurious or potentially injurious material (by itself or in combination with other materials).

(e) The warranties and indemnities contained in this paragraph 24 shall survive the termination of this Lease.

SUBORDINATION; ATTORNMEN; ESTOPPEL

25. (a) This Lease and all of Tenant's rights hereunder are and shall be subject and subordinate to all currently existing and future mortgages affecting the Premises. Within ten (10) days after the receipt of a written request from Landlord or any Landlord mortgagee, Tenant shall confirm such subordination by executing and delivering Landlord and Landlord's mortgagee a recordable subordination agreement and such other documents as may be reasonably requested, in form and content satisfactory to Landlord and Landlord's mortgagee. Provided, however, as a condition to Tenant's obligation to execute and deliver any such subordination agreement, the applicable mortgagee must agree that mortgagee shall not unilaterally, materially alter this Lease and this Lease shall not be divested by foreclosure or other default proceedings thereunder so long as Tenant shall not be in default under the terms of this Lease beyond any applicable cure period set forth herein. Tenant acknowledges that any Landlord mortgagee has the right to subordinate at any time its interest in this Lease and the leasehold estate to that of Tenant, without Tenant's consent.

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(b) If Landlord sells, transfers, or conveys its interest in the Premises or this Lease, or if the same is foreclosed judicially or nonjudicially, or otherwise acquired, by a Landlord mortgagee, upon the request of Landlord or Landlord's successor, Tenant shall attorn to said successor, provided said successor accepts the Premises subject to this Lease. Tenant shall, upon the request of Landlord or Landlord's successor, execute an attornment agreement confirming the same, in form and substance acceptable to Landlord or Landlord's successor and Landlord shall thereupon be released and discharged from all its covenants and obligations under this Lease, except those obligations that have accrued prior to such sale, transfer or conveyance; and Tenant agrees to look solely to the successor in interest of Landlord for the performance of those covenants accruing after such sale, transfer or conveyance. Such agreement shall provide, among other things, that said successor shall not be bound by (a) any prepayment of more than one (1) month's rental (except the Security Deposit) or (b) any material amendment of this Lease made after the later of the Lease Commencement Date or the date that such successor's lien or interest first arose, unless said successor shall have consented to such amendment.

(c) Within ten (10) days after request from Landlord, Tenant shall execute and deliver to Landlord an estoppel certificate (to be prepared by Landlord and delivered to Tenant) with appropriate facts then in existence concerning the status of this Lease and Tenant's occupancy, and with any exceptions thereto noted in writing by Tenant. Tenant's failure to execute and deliver the Estoppel Certificate within said ten (10) day period shall be deemed to make conclusive and binding upon Tenant in favor of Landlord and any potential mortgagee or transferee the statements contained in such estoppel certificate without exception.

ABANDONMENT

26. Tenant shall not abandon the Premises at any time during the Lease term. If Tenant shall abandon the Premises or be dispossessed by process of law, any personal property belonging to Tenant and left on the Premises, at the option of Landlord, shall be deemed abandoned, and available to Landlord to use or sell to offset any rent due or any expenses incurred by removing same and restoring the Premises.

NOTICES

27. All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by U.S. certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered or sent to the address shown at the beginning of this Lease, except that upon Tenant taking possession of the Premises, then the Premises shall be Tenant's address for such purposes. Notices to Landlord shall be delivered or sent to the address shown at the beginning of this Lease and notices to Agent, if any, shall be delivered or sent to the address set forth in Paragraph 3 hereof. All notices shall be effective upon delivery. Any party may change its notice address upon written notice to the other parties, given as provided herein.

BROKERS

28. Except as expressly provided herein, Tenant and Landlord agree to indemnify and hold each other harmless from any and all claims of brokers, consultants or real estate agents by, through or under the indemnifying party for fees or commissions arising out of the lease of the Property to Tenant. Tenant and Landlord represent and warrant to each other that: (i) except as to the brokers designated below ("Brokers"), they have not employed nor engaged any brokers, consultants or real estate agents to be involved in this transaction and (ii) that the compensation of the Brokers is established by and shall be governed by separate agreements entered into as amongst the Brokers, the Tenant and/or the Landlord.

_____ N/A _____ ("Listing Agency"),
_____ ("Listing Agent" — License # _____)
Acting as: Landlord's Agent; Dual Agent
_____ N/A _____ ("Leasing Agency"),
_____ ("Leasing Agent" - License # _____)
Acting as: Tenant's Agent; Landlord's (Sub)Agent; Dual Agent

GENERAL TERMS

29. (a) "Landlord" as used in this Lease shall include the undersigned, its heirs, representatives, assigns and successors in title to the Premises. "Agent" as used in this Lease shall mean the party designated as same in Paragraph 3, its heirs, representatives, assigns and successors. "Tenant" shall include the undersigned and its heirs, representatives, assigns and successors, and if this Lease shall be validly assigned or sublet, shall include also Tenant's assignees or sublessees as to the Premises covered by such assignment or sublease. "Landlord", "Tenant", and "Agent" include male and female, singular and plural, corporation, partnership or individual, as may fit the particular parties.

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Tenant Initials _____ MF _____ Landlord Initials _____ TK _____

(b) No failure of Landlord to exercise any power given Landlord hereunder or to insist upon strict compliance by Tenant of its obligations hereunder and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Landlord's right to demand exact compliance with the terms hereof. All rights, powers and privileges conferred hereunder upon parties hereto shall be cumulative and not restrictive of those given by law.

(c) **Time is of the essence in this Lease.**

(d) This Lease may be executed in one or more counterparts, which taken together, shall constitute one and the same original document. Copies of original signature pages of this Lease may be exchanged via facsimile or e-mail, and any such copies shall constitute originals. This Lease constitutes the sole and entire agreement among the parties hereto and no modification of this Lease shall be binding unless in writing and signed by all parties hereto. The invalidity of one or more provisions of this Lease shall not affect the validity of any other provisions hereof and this Lease shall be construed and enforced as if such invalid provisions were not included.

(e) Each signatory to this Lease represents and warrants that he or she has full authority to sign this Lease and such instruments as may be necessary to effectuate any transaction contemplated by this Lease on behalf of the party for whom he or she signs and that his or her signature binds such party. The parties acknowledge and agree that: (i) the initials lines at the bottom of each page of this Lease are merely evidence of their having reviewed the terms of each page, and (ii) the complete execution of such initials lines shall not be a condition of the effectiveness of this Lease.

(f) Upon request by either Landlord or Tenant, the parties hereto shall execute a short form lease (memorandum of lease) in recordable form, setting forth such provisions hereof (other than the amount of annual rental and other sums due) as either party may wish to incorporate. The cost of recording such memorandum of lease shall be borne by the party requesting execution of same.

(g) If legal proceedings are instituted to enforce any provision of this Lease, the prevailing party in the proceeding shall be entitled to recover from the non-prevailing party reasonable attorneys fees and court costs incurred in connection with the proceeding.

SPECIAL STIPULATIONS

If this box is checked, additional terms of this Lease are set forth on **Exhibit B** attached hereto and incorporated herein by reference. **(Note: Under North Carolina law, real estate agents are not permitted to draft lease provisions.)**

STANDARD FORM 592-T

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Tenant Initials _____ MF _____ Landlord Initials _____ TK _____

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Leases 2017

THIS DOCUMENT IS A LEGAL DOCUMENT. EXECUTION OF THIS DOCUMENT HAS LEGAL CONSEQUENCES THAT COULD BE ENFORCEABLE IN A COURT OF LAW. THE NORTH CAROLINA ASSOCIATION OF REALTORS® MAKES NO REPRESENTATIONS CONCERNING THE LEGAL SUFFICIENCY, LEGAL EFFECT OR TAX CONSEQUENCES OF THIS DOCUMENT OR THE TRANSACTION TO WHICH IT RELATES AND RECOMMENDS THAT YOU CONSULT YOUR ATTORNEY.

IN WITNESS WHEREOF, the parties hereto have hereunto caused this Lease to be duly executed.

LANDLORD:

Individual	Business Entity
_____	King Commercial Properties, LLC (Name of Firm)
Date: _____	By: <u>/s/ Tim King</u> Tim King
Date: _____	Title: <u>Member Manager</u>
_____	Date: <u>10-12-17</u>

TENANT:

Individual	Business Entity
_____	Fathom Realty, LLC
Date: _____	By: <u>/s/ Marco Fregenal</u> Marco Fregenal
_____	Title: <u>COO/CFO</u>
Date: _____	Date: <u>11/21/17</u>

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EXHIBIT A

Property Description:

Office condo located at 209 New Edition Court, Cary, NC 27511

This condo is part of the Commonwealth Exchange Condo Association, Unit 209

Tax Parcel #0228475

Pin # 0763346454

Approx. 1288 Sq. Ft.

Tenant Initials _____ MF _____ Landlord Initials _____ TK _____

EXHIBIT B

1. **Rent:** Rent shall be payable as follows:

Year 1: \$1,625.00 per month (12/1/17 – 11/30/18)
Year 2: \$1,675.00 per month (12/1/18 – 11/30/19)
Year 3: \$1,725.00 per month (12/1/19 – 11/30/20)

2. **Right to Renew:** Tenant shall have the option of renewing this lease, upon written notice to Landlord at least 150 days prior to end of initial 3-year term of this lease, for one (1) additional term of five (5) years. Rent for renewal term shall be payable as follows:

If renewed for 5 additional years:

Year 4: \$1,775.00 per month (12/1/20 – 11/30/21)
Year 5: \$1,825.00 per month (12/1/21 – 11/30/22)
Year 6: \$1,875.00 per month (12/1/22 – 11/30/23)
Year 7: \$1,925.00 per month (12/1/23 – 11/30/24)
Year 8: \$1,975.00 per month (12/1/24 – 11/30/25)

3. **Landlord Work:** Space will be delivered to tenant "as is."

4. **Repairs:** Tenant shall be responsible for all cost of interior repairs and any updates to the premises.

5. **Landlord Contribution:** Landlord agrees to contribute a onetime amount of \$4,000.00 towards the cost of any new flooring or painting that tenant decides to add. Tenant agrees to submit copies of invoices to landlord of work done before funds are paid to tenant.

6. **Rules and Regulations:** Tenant agrees that at no time during the term of this Lease will smoking be allowed within the unit. Also, no pets of any kind are allowed on the premises.

7. **Signage:** Tenant shall have the right to install signage on the building at their own expense, once approved by Landlord, Property Owners Association, and meets City of Cary compliance.

Tenant Initials _____ MF _____ Landlord Initials _____ TK _____

California
Residential Lease Agreement

This Lease Agreement (the "Agreement") is made and entered on October 01, 2015 (the "Effective Date") by and between Henderson & Murphy LLC (the "Landlord") and the following tenants:

Fathom Realty Holdings, LLC

(the "Tenant")

Subject to the terms and conditions stated below the parties agree as follows:

1. Property. Landlord, in consideration of the lease payments provided in this Agreement, leases to Tenant the suite, described below, located at 24800 Chrisanta Drive, Suite 140, Mission Viejo, California 92691 (the "Property"). No other portion of the building wherein the Property is located is included unless expressly provided for in this Agreement.

Office description: Office space is 1984 sq. ft.

2. Term. This Agreement will begin on January 1, 2019 (the "Start Date") and will terminate on December 31, 2020 (the "Termination Date"), and thereafter will be month-to-month on the same terms and conditions as stated herein, save any changes made pursuant to law, until terminated.

Tenant will vacate the Property upon termination of the Agreement, unless: (i) Landlord and Tenant have extended this Agreement in writing or signed a new agreement; (ii) mandated by local rent control law; or (iii) Landlord accepts Rent from Tenant (other than past due Rent), in which case a month-to-month tenancy will be created which either party may terminate by Tenant giving Landlord written notice of at least 30 days prior to the desired termination date, or by Landlord giving Tenant written notice as provided by law. Rent will be at a rate agreed to by Landlord and Tenant, or as allowed by law. All other terms and conditions of this Agreement will remain in full force and effect.

3. Management. The Tenant is hereby notified that Stephen G. Murphy is the property manager of the Property. Should the Tenant have any issues or concerns, the Tenant may contact Stephen G. Murphy by one of the methods below:

Address: 24800 Chrisanta Drive, Suite 140, Mission Viejo, California 92691.

Telephone: 949-466-4440

Email: steve@murphycacpa.com

4. Rent. Tenant will pay to Landlord rent in the amount of \$3,968.00 (the "Rent"), payable in advance on the 1st day of each month, and is delinquent after fifth of month. If that day falls on a weekend or legal holiday, the rent is due on the next business day.

Payments should be sent to:

Payment address: 24800 Chrisanta Drive, Suite 140, Mission Viejo, California 92691, or at such other place as Landlord may designate from time to time.

Payments can be made by using one of the following methods of payment:

Acceptable forms of payment:

- Direct deposit or by check

Tenant agrees to submit rent payments by one of the methods above. No cash payments will be accepted. Tenant is responsible for any payment made by mail and not received by the due date stated herein. Mailed payments must be received on or before the due date. Rent payments for any partial month will be pro-rated at the rate of 1/30th of the monthly rent payment per day.

Landlord may apply any payment made by Tenant to any obligation owed by Tenant to Landlord regardless of any dates or directions that accompany a payment. Landlord has full discretion to accept or reject payments from or written by third parties. Landlord's acceptance of a payment by a third party does not override the previous statement and Landlord will continue to have full discretion to accept or reject payments submitted or written by third parties. Monthly rent payments received in prior months to which the payment is due will be held by the Landlord uncashed in a secured location and deposited on the first of the month.

5. Security Deposit. At the time of signing this Agreement, tenant must deposit with Landlord the sum of \$2,500.00 (the "Security Deposit"), receipt of which is hereby acknowledged, as security for any damage caused to the Property during the term thereof. The maximum amount that Landlord may receive as the Security Deposit cannot exceed two (2) months rent if the Property is unfurnished or three (3) months rent if the Property is furnished. Tenant expressly may not use the Security Deposit in lieu of payment of rent. All or any portion of the Security Deposit may be used to: (i) repair damage, excluding ordinary wear and tear, caused by Tenant and/or by a guest of the Tenant; (ii) clean Property, if necessary, upon termination of tenancy; (iii) replace Landlord's personal property or appurtenances; and (iv) cure Tenant's default in payment of rent, or other sums due.

In compliance with Cal. Civ. Code § 1950.5, the Security Deposit will be returned to Tenant, without interest, and less any set off for damages to the Property within 21 days of the date of termination of this Agreement, or the Tenant's last day of occupancy, whichever occurs later. Landlord will provide Tenant with an itemized statement indicating the amount of the Security Deposit and the basis for any and all applicable damages. Landlord must include documents showing charges incurred: (i) if owner or owner's employee performs work, the owner must specify the hours required and hourly rate; and (ii) if 3rd party performs the work, Landlord will provide invoices, bills or receipts from the 3rd party. No interest will be paid on the Security Deposit unless required by local ordinance.

6. Late Payments. Tenant and Landlord agree that Landlord will sustain costs and damages as a result of any late payment of rent but that it will be extremely difficult to determine with specificity the actual amount of that damage. Therefore, Tenant agrees to pay a service charge of \$25.00 for the handling of late rent payments received by the Landlord 5 days after the due date. The parties agree that this late charge represents a fair and reasonable estimate of the costs and damages that Landlord will incur by reason of late payment by the Tenant.

The late charge period is not a grace period and Landlord is entitled to make a written demand for any unpaid rent on the next day after the due date. Payment of the late charge does not cure the late payment for purposes of establishing habitual late payment of rent. Landlord and Tenant agree that five (5) late payments in any 12 month period will constitute habitual late payment of rent and may be considered a just cause for eviction.

7. Failure to Pay. Pursuant to California Civil Code §§ 1785.26, Tenant is hereby notified that a negative credit report reflecting on Tenants' credit history may be submitted to a credit reporting agency if Tenant fails to fulfill the terms of their credit obligations, such as their financial obligations under the terms of this Agreement.

8. Possession. Tenant will be entitled to possession of the Property on the first day of the term of this Agreement, and will yield possession to Landlord on the last day of the term of this Agreement, unless otherwise agreed by both parties in writing. At the expiration of the term, Tenant will remove its goods and effects and peaceably yield up the Property to Landlord in as good as condition as when delivered to Tenant, ordinary wear and tear excepted.

9. Keys and Locks. Tenant will be given a set number of keys for the Property. If all keys are not returned to Landlord following termination of the Agreement, Tenant will be charged a monetary fee to replace the keys. If a security deposit was collected by the Landlord at the time of signing this Agreement, then such amount will be subtracted from the Security Deposit. Tenant is not permitted to change any lock or place additional locking devices on any door or window of the Property without Landlord's approval prior to installation. If allowed, Tenant must provide Landlord with keys to any changed lock immediately upon installation.

10. Smoking. Smoking is prohibited in any area in or on the Property, both private and common, whether enclosed or outdoors. This policy applies to all owners, tenants, guests, employees, and servicepersons. The Tenant will be liable for any damages caused to the Property due to Tenant or Tenant's visitors or guests smoking in or on the Property. Any violation of this policy will be seen as a breach of this Agreement and Landlord will be entitled to all remedies allowable by law including eviction.

11. Maintenance and Repairs. Tenant will, at Tenant's expense, and at all times maintain the Property in a clean and sanitary manner including all furniture, furnishings, and appliances therein and will surrender the same upon termination of tenancy in the same condition received, except for normal wear and tear. Tenant will be responsible for all damages in about the Property caused by Tenant's negligence and that of their family or invitees or guests. Tenant will be responsible for checking and maintaining all smoke detectors. Tenant will immediately notify Landlord, in writing, of any problem, malfunction, or damage. Such notice will also be deemed permission to enter the Property to perform such maintenance or repairs in accordance with California Civil Code § 1954 unless specifically requested by Tenant.

12. Utilities and Services. Tenant will pay directly for all utilities, services and electricity.

13. Default. Tenant will be in default of this Agreement if Tenant fails to comply with any material provisions of this Agreement by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation (or any other obligation) after written notice of such default is provided by Landlord to Tenant, Landlord may elect to cure such default and the cost of such action will be added to Tenant's financial obligations under this Agreement. All sums of money or charges required to be paid by Tenant under this Agreement will be additional rent, whether or not such sums or charges are designated as additional rent. The rights provided by this paragraph are cumulative in nature and are in addition to any other rights afforded by law.

14. Holding Over. Should the Tenant hold over the term hereby created with consent of the Landlord, the term of this lease will become a month-to-month tenancy and be deemed to be and be extended at the rental rate herein provided, and otherwise upon the terms and conditions in this Agreement, until either party hereto serves upon the other thirty (30) days written notice of termination, reflecting the effective date of cancellation.

15. Insurance. Landlord's insurance does not cover Tenants or Tenants' client's personal property. **Tenant is required to carry Tenant's own policy of liability insurance to avoid loss from any unforeseen incidents or Acts of God.** Tenant agrees to carry a one million (\$1,000,000.00) liability insurance policy.

16. Condition of Property. Tenant stipulates, represents and warrants that Tenant has examined the Property, and that it is at the time of this Agreement in good order, repair, and in a safe, clean and tenantable condition.

17. Alterations and Improvements. Tenant will make no alterations to the buildings or improvements to the Property or construct any building or make any other improvements on the Property without the prior written consent of Landlord. Any and all alterations, changes, and/or improvements built, constructed or placed on the Property by Tenant will, unless otherwise provided by written agreement between Landlord and Tenant, be and become the property of Landlord and remain on the Property at the expiration or earlier termination of this Agreement.

18. Carbon Monoxide Alarm. Pursuant to California Health & Safety Code § 17926.1, Landlord warrants the Property currently has a carbon monoxide alarm in place and is operational. Landlord will be responsible for the repair and replacement of any missing or nonfunctional carbon monoxide alarm upon written request from the Tenant.

19. Hazardous Materials Disclosure. Pursuant to the regulations of Proposition 65, enacted by the voters of the State of California, Landlord hereby makes the following required disclosure: Warning - The Premises contains chemicals known to the State of California to cause cancer and birth defects or other reproductive harm.

20. Notice. Notice under this Agreement will not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed to the party at the appropriate address set forth below. Such addresses may be changed from time to time by either party by providing notice as set forth below. Notices mailed in accordance with these provisions will be deemed received on the third day after posting.

Landlord:

Henderson & Murphy LLC
24800 Chrisanta Drive, Suite 140, Mission Viejo, California 92691

Property Manager:

Stephen G. Murphy
24800 Chrisanta Drive, Suite 140, Mission Viejo, California 92691

Tenant:

Fathom Realty Holdings, LLC
24800 Chrisanta Drive, Suite 140, Mission Viejo, California 92691

Such addresses may be changed from time to time by any party by providing notice as set forth above.

Receipt

		Tenant	Initials Landlord
Security Deposit:	\$	2,500.00	/s/
Prorated rent for the Period:	\$	<u> / </u>	/s/
Prepaid rent for the Period:	\$	<u> / </u>	/s/
<i>January 2019 Rent</i>	\$	<u> / </u>	/s/
Total Charges Received:	\$	<u> 2,500.00 </u>	/s/

IN WITNESS WHEREOF, the Landlord and Tenant have executed this Agreement in the manner prescribed by law as of the Effective Date.

Landlord:

By: /s/ Stephen G. Murphy Date: 12/31/18
Stephen G. Murphy, for Henderson & Murphy LLC
24800 Chrisanta Drive, Suite 140
Mission Viejo, California 92691

Tenant:

Fathom Realty Holdings, LLC
By: /s/ Veronica Salmon Date: 12/31/18
By: Veronica Salmon
Vice President of Finance

**California Lease Agreement
Inspection Checklist**

Address: 24800 Chrisanta Drive, Suite 140, Mission Viejo, California 92691

Tenant has inspected the Property and states that the Property is in satisfactory condition, free of defects, except as noted below:

Fathom Realty Holdings, Inc.

By: /s/ Veronica Salmon Date: 12/31/18
By: Veronica Salmon
Vice President of Finance

Acknowledged by Landlord:

Henderson & Murphy LLC

By: /s/ Stephen G. Murphy Date: 12/31/18



Customer Subscription Agreement

kvCORE Platform for Enterprise

CUSTOMER INFORMATION

Company Name: Fathom Realty

Customer Name: Josh Harley / Marco Fregenal

Phone 1: 214-228-0301

Phone 2: 919-434-3975

Email: marco@fathomrealty.com

Website URL: http://fathomrealty.com

Office Address: Cary, NC - Multiple Office Locations

PACKAGE OPTIONS INCLUDED

The kvCORE Platform for All Agents

- LeadEngine
- Websites & IDX Homeseach
- SmartCRM
- Listings CRM
- Transactions Integrations
- Marketing Autopilot
- Business Analytics
- Marketplace

Mobile Apps for All Agents

- kvCORE Mobile App for Agents
- Integrated Mobile Dialer
- Millions Mapped (as available)
- Klient (as available)

Additional Enterprise Features

- Company WordPress Website
- Data & Integration Support
- Enterprise 'White-Label' Platform
- 'Company Cloud' and SSO Dashboard
- Advanced Company Lead Routing
- Transaction & Back-End Integrations

Optional Enterprise Add-Ons

(Additional Cost)

- Team Add-Ons
- Marketing & SEO Services
- Additional Customization Options

Agent Licenses: 1600 Admin Licenses: 20 Partner Licenses: 10 MLS Boards: 55

Additional Agent Licenses beyond Licenses included above: \$9 per agent per month (in batches of 10)

MLS 1: See Full List

MLS 2: _____

Additional MLS: see list at: http://www.fathomrealty.com/idx/sitemap.html

MLS and website setup paperwork is due within thirty (30) days of the execution date of this Customer Subscription Agreement (Agreement). Failure to provide the necessary MLS/Broker documentation and information required for site setup and launch will be subject to monthly recurring subscription fees starting thirty (30) days after you sign this Agreement.



SUBSCRIPTION TERM

Subscription Start Date: 05/1/18 Number of Initial Subscription Payments 36

The Term of the Agreement (the "Subscription Term") shall commence on the Subscription Start Date set forth above or the date the website is launched, whichever is earlier, and continue until the Number of Initial Subscription Payments (the "Initial Subscription Payments") specified above, together with any Renewal Period(s) has been received by Inside Real Estate ("IRE"). The Agreement will automatically renew at the end of the Subscription Term for an additional twelve (12) payment renewal period (each, a "Renewal Period") unless Customer provides a written cancellation notice to IRE at least thirty (30) days prior to the end of the Initial or Renewal Periods.

The Agreement may be terminated within the Initial or Renewal Term: (a) by either party if the other party becomes the subject of a petition in bankruptcy or other proceeding relating to insolvency, receivership, liquidation or assignment for the benefit of creditors, (b) by IRE immediately upon Customer's failure to make any payment required under the Agreement or the Terms and Conditions, or (c) in the event of an uncured material breach must be documented as such to the breaching party with a sixty (60) day notice that the breach is material; if the noted breach goes uncured for sixty (60) days from date of notice, then such applicable party may then terminate immediately upon written notice to the other party.

Customer Initials: MF

SOFTWARE PACKAGE, SUBSCRIPTION & MARKETPLACE ADD ONS

One-Time Implementation Fee: 28,500 Monthly Recurring Subscription Fee: Exhibit 1

Monthly Marketing Fee: _____ Add. Monthly MLS Fee: _____

AGREE & SIGNATURE

By acknowledging and signing below, I agree to the terms of this Agreement and the terms and conditions incorporated herein and that may be updated from time to time. I have authority to enter this agreement on behalf of the Company above and agree to be responsible for all fees due under the agreement and acknowledge that all such fees and charges are nonrefundable. I authorize IRE to bill my selected form of payment, or other forms of payment as provided, for the duration of the Term of this Agreement.

I Agree to the Terms & Conditions

Name: Marco Fregenal Title: COO/CFO

Signature: s/ Marco Fregenal Date: Dec 8, 2017



INSIDERE, LLC CUSTOMER SUBSCRIPTION AGREEMENT TERMS & CONDITIONS

1. ACCEPTANCE OF TERMS

1.1. InsideRE, LLC ("IRE" also known as "Inside Real Estate" or "Kunversion") provides its services ("Package") as defined in the Subscription Agreement ("Agreement") to the person or entity and its users ("Customer", "You" or "you") identified on the Agreement subject to these terms and conditions ("T&Cs"), as may be amended from time to time.

1.2. By signing the Agreement or by accessing the Package, Customer represents and acknowledges Customer has read, understood, and agrees (a) to be bound by these T&Cs, and the provisions of the Agreement, (b) that the information Customer provides is accurate, complete, and is within Customer's right to use. If Customer is a company or another legal entity, the individual signing on behalf of the Customer represents that he or she has the authority to bind Customer and its affiliates to these T&Cs.

1.3. Customer acknowledges that these T&Cs constitute a contractual agreement between Customer and IRE, are incorporated into the Agreement, and that these T&Cs govern Customer's use of the Package and supersede any other agreements between Customer and IRE.

2. PURCHASED PACKAGE

2.1. IRE shall make available to Customer during the Subscription Term, as defined in Section 7.1, the purchased Package as specified on the Agreement and pursuant to these T&Cs.

2.2. IRE shall use commercially reasonable efforts to make the Package available 24 hours a day, 7 days a week, except for: (a) planned downtime, (b) any unavailability caused by circumstances beyond IRE's reasonable control, including without limitation, acts of God, acts of government, floods, fires, earthquakes, civil unrest, acts of terror, strikes or other labor problems, listings feed outages or failures, Internet service provider failures or delays, or denial of service attacks. IRE's obligations shall be limited to providing the Package only in accordance with applicable laws and government regulations. Customer acknowledges that the Package may be subject to other limitations, such as: (i) limits on disk storage space, (ii) the number of calls IRE's customers are permitted to make against IRE's application programming interface, and (iii) limitations imposed by third party service providers enabling the Customer to provide public websites with limited page views.

2.3. Customer cannot have more than one thousand (1,000) contacts per agent in total across the account without express written approval from IRE.

3. OBLIGATIONS & RIGHTS SURROUNDING CUSTOMER DATA

3.1. Protection of Data: IRE shall maintain commercially reasonable levels of administrative, physical, and technical safeguards for protection of the security, confidentiality, and integrity of data, content and media supplied by Customer for inclusion in the Package ("Customer Data").



3.2. Customer Data Rights: Subject to the limited rights granted by Customer hereunder, IRE acquires no right, title or interest from Customer or Customer licensors under these T&Cs in or to Customer Data, including any intellectual property rights therein. Customer grants IRE the right to use non-Customer specific aggregated data for use by IRE to create business and best practice metrics. Further, IRE does not claim copyright to Customer Data, and IRE shall not be held liable for Customer Data on the website or any uses made of Customer Data. For more details on IRE's DMCA policy please visit our website page at: www.insiderealestate.com/dmca-policy/.

Customer represents and warrants to IRE that Customer has all necessary rights, permissions, licenses and other authority to use the Customer Data as anticipated under these T&Cs. Customer shall indemnify and hold harmless IRE and its owners, officers, managers, members, employees, agents, contractors, successors and assigns from and against any damages, claims, injury, costs and expenses, including, without limitation, attorney fees and court costs, arising out of the use of Customer Data as anticipated under these T&Cs. IRE reserves the right to suspend or remove Customer's website or portions thereof if IRE determines, in its sole discretion, that (i) significant doubt exists as to Customer's right to use any portion of Customer Data, (ii) any Customer Data is offensive, immoral, obscene, illegal, or likely to incite or encourage illegal or dangerous acts, or (iii) any Customer Data may harm IRE's reputation or hinder its ability to provide its services to other customers.

3.3. Return of Customer Data. Upon written request by Customer made within thirty (30) days after the date of termination of the Subscription Term and payment in full of all outstanding fees, IRE shall make available to Customer for download a file of Customer Data that IRE has defined at the time as exportable. Exportable Customer Data may include some or all agent, contact and lender information; front end website style design settings and files which the Customer has paid for through a Custom Design & Layout Work; images owned by Customer. Additionally, Customer may be able to receive or download periodic backups of some or all of the Customer Data throughout the Subscription Term based on a request to the IRE support team, no more often than quarterly. IRE shall have no obligation to maintain or provide any Customer Data and may delete Customer Data after the aforementioned thirty (30) day period.

3.4. MLS/IDX Instructions. IRE will need to begin the process of setting up your IDX connection.

Depending on the individual Multiple Listing Service (each, and "MLS") either a vendor agreement will need to be signed with the MLS, or if no vendor agreement is required by the MLS, you will need to provide your login and password. After IRE receives Customer's MLS connection information, IRE will get the process started and determine what is required. The MLS may charge a fee for data access, vander access, or annual fees. IRE is NOT RESPONSIBLE for any IDX setup or access fees. This includes any fees assessed to the vendor. Any fees charged to the vendor on Customer's behalf will be billed back to Customer on the monthly billing or invoice if applicable.

4. FEES AND PAYMENT FOR PACKAGES

4.1. Payment: Customer is responsible for all payments and fees as specified in the Agreement, including Implementation Fee, Monthly Recurring Subscription Fees, Monthly Marketing Fees and Monthly MLS Fees, and Communication Fees (collectively, "Fees") as described herein.

(i) Implementation Fee. Implementation Fees, as indicated on the Agreement, include but are not limited to to the amounts specified for initial implementation of the Package. The Implementation Fee shall be due and billed on the executed date of the Agreement.



- (ii) **Monthly Recurring Subscription Fees.** Subscription Fees, as indicated on the Agreement, include but are not limited to the amounts specified for use of the Package during the Subscription Term as defined in Section 7.1. Monthly Recurring Subscription Fees will be due and automatically billed monthly commencing on the Subscription Start Date and continuing each month through the Subscription Term.
 - (iii) **Post Order Fees.** Post Order Fees include all Fees added to the Package and agreed to by the Customer in writing or via email after the date of signing of the Agreement. Post Order Fees shall be due and billed at the time IRE receives Customer's request to add related services to Customer's Package.
 - (iv) **MLS Fees.** MLS Fees include charges both direct and indirect associated with connecting Customer websites with required MLS data feeds. MLS Fees will be due and billed as incurred by IRE.
 - (v) **Communication Fees.** Communication Fees include emails, minutes, texts or other usage-based forms of communication.
 - (vi) **Marketing Fees.** Marketing Fees include advertisements placed through various online services (Google, Facebook, etc.) and are billed monthly as specified in the Agreement. Customer must notify IRE by the fifteenth (15th) of the month prior to the month the online Marketing is to be cancelled. (For example: Customer must notify IRE no later than December 15th to cancel marketing scheduled to take place in January.)
- 4.2. **Billing Method.** Customer will provide IRE with valid and updated credit card or automated clearing house (ACH) information ("Billing Method") throughout the Subscription Term. By providing the Billing Method to IRE, Customer authorizes IRE to charge such Billing Method for the Implementation Fee and the Subscription Fees under the Package.
- 4.3. **Payment Obligations.** Payment obligations are non-cancelable and fees paid are non-refundable. Customer agrees that, due to the nature of the Package services, all Fees are due under these T&Cs regardless of Customer's use of the Package. IRE reserves the right to suspend Package and remove any Customer website from viewing on the Internet if any payment from Customer is not made when due. In cases where collection proves necessary, Customer agrees to pay all fees (including all attorney's fees and court costs) incurred throughout the process. All payments must be made in U.S. dollars.
- 4.4. **Taxes:** Unless otherwise stated, IRE's fees do not include any taxes, levies, duties or similar governmental assessments of any nature, including but not limited to value-added, sales, use or withholding taxes, assessable by any local, state, provincial, federal or foreign jurisdiction (collectively, "Taxes"). Customer is responsible for paying all Taxes associated with Package hereunder. If IRE has the legal obligation to pay or collect Taxes for which Customer is responsible under this paragraph, the appropriate amount shall be charged via Customer's Billing Method, unless Customer provides IRE with a valid tax exemption certificate authorized by the appropriate taxing authority.

5. PROPRIETARY RIGHTS



5.1. **Reservation of Rights in Package:** Subject to the limited rights expressly granted hereunder, IRE reserves all rights, title and interest in and to the Package, including all related intellectual property rights. No rights are granted to Customer hereunder other than as expressly set forth herein.

Copyright to the finished website design, other design-based elements, and special functionality produced by IRE are owned by IRE or used by IRE by permission. Once payment under the Agreement and these T&Cs, including any additional charges incurred, has been received, Customer will be assigned rights to use the Package subject to these T&Cs. Rights to photos, graphics, source code, work-up files, and computer programs specifically are not transferred to Customer, and remain the property of their respective owners. In cases where customers pay for customized cascading style sheets ("CSS"), both Customer and IRE will have rights to future use of those CSS files and hereby grant each other reciprocal, royalty-free, worldwide, irrevocable, perpetual licenses for such use. IRE, its licensors, employees and subcontractors retain the ownership, copyright, and distribution rights to themes, templates, designs and any other products or derivatives of such work; and retain the right to display graphics and other web design elements as examples of their work in their respective portfolios. Notwithstanding anything to the contrary contained herein, any use by Customer granted in these T&Cs of intellectual property described in this Section 5.1 shall be deemed to be used under a license (or sublicense, as the case may be) hereby granted by IRE subject to the payments required herein and to IRE's right to terminate such license by terminating the Agreement as allowed hereunder. "InsideRE," "Inside Real Estate," and "Kunversion" and other IRE marks and logos are service marks and trademarks of IRE.

5.2. **Restrictions:** Customer shall not personally use the Package, or allow others to access the Package to, (a) create derivative works based on the Package except as authorized herein, (b) copy, frame or mirror any part or content of the Package, other than copying or framing on Customer's own intranets for internal business purposes, (c) reverse engineer the Package, (d) facilitate or allow mass communications such as email or text message 'blasts' to contacts that have not expressly opted-in to such communications, (e) use any part of the Package in ways that can be considered an abuse of the package or (f) build a competitive product or service, or (g) copy any features, functions or graphics of the Package.

5.3. **Suggestions:** IRE shall have a royalty-free, worldwide, irrevocable, perpetual license to use and incorporate into the Package and its design and functionalities, whether for Customer use or for any other uses, any suggestions, enhancement requests, recommendations or other feedback provided by Customer, including users, relating to the operation of the Package.

5.4. **TCPA Notice and Disclaimer:** Transmitting unsolicited voice and text messages (as well as other forms of communication) is heavily restricted and regulated under the Telephone Consumer Protection Act ("TCPA") and other laws as well as various jurisdictions' laws and regulations. You should consult your legal advisor to ensure compliance with the TCPA and related laws. IRE makes no representations regarding the content and manner of transmission of any text, phone or other communication you may make.

5.5. **Customer Communications & Compliance with Laws.** Customer is solely responsible for the content of any and all communications and the means of communication (phone, fax, text, etc.) with any third parties, including customers, potential customers, leads or other individuals or entities, and Customer is solely responsible for complying with any laws, Taxes and tariffs applicable in any way to the Package or any other services contemplated herein.



5.6. Indemnification. Customer agrees to and shall indemnify and hold harmless IRE, its owners, officers, managers, members, employees, agents, contractors, successors and assigns from and against any damages, claims, injury, costs and expenses, including, without limitation, attorney fees and court costs, arising from or related to (i) Customer's exercise of Internet electronic commerce, (ii) any failure to comply with any laws, Taxes, and tariffs, (iii) any violation of the TCPA and/or related statutes (federal and state), (iv) Customer's violation of these T&Cs, and (v) Customer's use of the Package, its website, services provided by IRE in connection therewith, and any information obtained as a result thereof.

Customer agrees to cooperate as fully as reasonably required in the defense of any claims, including asserting any available defenses. IRE reserves the right, at its own expense, to assume the exclusive defense and control of any claims or matter otherwise subject to indemnification by Customer and Customer shall not in any event settle any claims without IRE's prior written consent.

5.7. Equitable Relief: You acknowledge that a breach of any proprietary rights provision of these T&Cs may cause us irreparable damage, for which the award of damages would not be adequate compensation. Consequently, we may institute an action to enjoin you from any and all acts in violation of those provisions, which remedy shall be cumulative and not exclusive, and we may seek the entry of an injunction enjoining any breach or threatened breach of those provisions, in addition to any other relief to which we may be entitled at law or in equity.

6. DISCLAIMERS AND LIMITATION OF LIABILITY

EXCEPT AS EXPRESSLY PROVIDED HEREIN, IRE MAKES NO WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. IN NO EVENT SHALL IRE'S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THE AGREEMENT AND THESE T&CS (WHETHER IN CONTRACT OR TORT OR UNDER ANY OTHER THEORY OF LIABILITY) EXCEED THE TOTAL AMOUNT PAID BY CUSTOMER HEREUNDER DURING THE PREVIOUS 12 MONTHS. THE FOREGOING SHALL NOT LIMIT CUSTOMER PAYMENT OBLIGATIONS UNDER SECTION 4 (FEES AND PAYMENT FOR PACKAGE). IN NO EVENT SHALL IRE HAVE ANY LIABILITY FOR ANY LOST PROFITS OR REVENUES OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, COVER OR PUNITIVE DAMAGES HOWEVER CAUSED, WHETHER IN CONTRACT, TORT OR UNDER ANY OTHER THEORY OF LIABILITY, AND WHETHER OR NOT IRE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING DISCLAIMER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY APPLICABLE LAW.

7. TERM AND TERMINATION

7.1. Subscription Term: The Term of the Agreement (the "Subscription Term") shall commence on the Subscription Start Date set forth in the Agreement or the date the website is launched, whichever is earlier, and continue until the Number of Initial Subscription Payments (the "Initial Subscription Payments") specified above, together with any Renewal Period(s) has been received by IRE. The Agreement will automatically renew at the end of the Subscription Term for an additional twelve (12) payment renewal period (each, a "Renewal Period") unless Customer provides a written cancellation notice to IRE at least thirty (30) days prior to the end of the Initial or Renewal Periods.



7.2. Termination; The Agreement may be terminated within the initial or renewal term; (a) by either party if the other party becomes the subject of a petition in bankruptcy or any other proceeding relating to insolvency, receivership, liquidation or assignment for the benefit of creditors, (b) by IRE immediately upon Customer's failure to make any payment required under the Agreement or these T&Cs, or (c) in the event of an uncured material breach, which material breach must be documented as such to the breaching party with a sixty (60)-day notice that the breach is material; if the noted breach goes uncured for sixty (60) days from date of notice, then such applicable party may then terminate immediately upon written notice to the other party.

7.3. Payment upon Termination: Upon termination by IRE under Section 7.2, Customer shall pay any unpaid fees covering the remainder of the Subscription Term for all Packages. In no event shall any termination by IRE pursuant to Section 7.2 above relieve Customer of the obligation to pay any fees payable to IRE hereunder for the full Subscription Term.

7.4. Surviving Provisions. Sections 2, 3, 4, 5, 6, 7, and 8 of these T&Cs shall survive any termination or expiration of the Agreement.

7.5. Notices. Except as otherwise specified in these T&Cs, all notices, permissions and approvals hereunder shall be in writing and shall be deemed to have been given upon: (a) personal delivery, (b) the second business day after mailing, or (c) the first business day after sending by email.

8. GENERAL PROVISIONS

8.1. Independent Contractors. The parties are independent contractors. Neither the Agreement nor these T&Cs creates a partnership, franchise, joint venture, agency, brokerage, fiduciary or employment relationship between the parties.

8.2. Third-Party Beneficiaries. There are no third-party beneficiaries to the Agreement or these T&Cs.

8.3. No Waiver; Severability. No failure or delay by either party in exercising any right under the Agreement or these T&Cs shall constitute a waiver of that right. If any provision of the Agreement or these T&Cs is held by a court of competent jurisdiction to be contrary to law, the provision shall be modified by the court and interpreted so as best to accomplish the objectives of the original provision to the fullest extent permitted by law, and the remaining provisions of the Agreement and these T&Cs shall remain in effect.

8.4. Customer may not assign any of its rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of IRE. IRE reserves the right to assign its rights and delegate its duties under the Agreement and these T&Cs in its sole discretion. Subject to the foregoing, the Agreement and these T&Cs shall bind and inure to the benefit of the parties, their respective heirs, successors and assigns.



8.5. Entire Agreement. These T&Cs, including all exhibits and addenda hereto, and the Agreement constitute the entire agreement between the parties and supersedes all prior and contemporaneous agreements, proposals or representations, written or oral, concerning its subject matter. Notwithstanding any language to the contrary therein, no terms or conditions stated in Customer purchase orders or other order documentation (excluding Subscription Agreements) shall be incorporated into or form any part of these T&Cs, and all such terms or conditions shall be null and void.

8.6. Amendment to Agreement; Changes to These T&Cs. No modification, amendment, or waiver of any provision of the Agreement shall be effective unless in writing and either signed or accepted electronically by the party against whom the modification, amendment or waiver is to be asserted.

We reserve the right to change or modify these T&Cs and our DMCA Policy in our sole discretion at any time. Any such change or modification shall be effective immediately upon posting to our website and apply to all access, use, and viewing of our website and provision of the Package thereafter. We agree to take reasonable steps to notify you of any such changes or modifications, but you agree to review our website periodically to be aware of any changes or modifications. Your only right with respect to any dissatisfaction with any modification, service-related change, or elimination made pursuant to this section, is to elect to not renew the Agreement pursuant to Section 7.1 above.

Notwithstanding anything to the contrary, your continued use of the Package will be deemed your conclusive acceptance of all such changed or modified terms and conditions.

To the extent of any conflict or inconsistency between the provisions in the body of these T&Cs and any exhibit or addendum hereto or any Agreement, the terms of such Agreement shall prevail provided such conflicting Agreement has been signed or accepted by IRE. IRE may evidence its acceptance of an Agreement either by countersigning and returning a copy to Customer or by beginning to provide the services requested thereunder and charging Customer as described therein.

8.7. Governing Law and Jurisdiction: Each party agrees that these T&Cs shall be governed by and construed under the laws of the State of Utah without regard to such state's choice or conflicts of law rules. The parties further agree to the exclusive jurisdiction of the applicable courts located in Salt Lake County, Utah. In any action to enforce or interpret these T&Cs, the substantially prevailing party shall be entitled to recover its attorney fees and court costs in addition to any other remedy to which it is entitled, whether such fees and costs are incurred in mediation, arbitration, litigation or on appeal.

Exhibit 1: Package Detail & SOW

Exhibit to Customer Subscription Agreement for: **Fathom Realty** ("Customer").

Date: Dec 8, 2017

This exhibit provides a description of items included in the Package and pricing outlined in the Customer Subscription Agreement. This also includes a Statement of Work (SOW) for any customization for the Customer of the kvCORE Platform or websites.

1. Package Detail

Implementation (One-Time Services)

Implementation & Configuration of kvCORE Platform **\$18,000**

- Setup of Company, Office & Agent Websites
- Transition of Company & Office Domains
- Managed GoLive & Onboarding & Dedicated Trainings

Customized Corporate WordPress Website: **\$10,500**

- Customized Designs & Theme
- Content Transition & Setup
- SEO Configuration & Setup
- Team & Admin Training

TOTAL IMPLEMENTATION: **\$28,500**

Implementation fees will be billed in 5 equal payments on Dec 1

2017 - Apr 1 2018. The Fee for the Corporate Website is based on the hours noted in Section 3.

Monthly Recurring Subscription

kvCORE Platform for all Agents **\$9 / agent / mo**

- Minimum 1600 Agents
- \$15/Agent/mo Subscription fees
- **(\$6.00) Discount on per Agent Subscription Fee**

TOTAL MONTHLY RECURRING SUBSCRIPTION: See Below

Monthly Fees will be billed on the following schedule:

- *Discounted to \$6,000 per month for the 6 monthly payment from May 1, 2018 (date of launch) through Oct 1, 2018 payments.*
- *From November 1, 2018 through April 1, 2019 payments, the cost will be \$10/agent/month.*
- *From May 1, 2019 on, the following tiers apply:*
 - *For up to 3,000 agents: \$9/agent/month*
 - *For agents 3,001 - 6,000: \$8/agent/month*
 - *For agents 6,000+: \$7/agent/month*

Optional Add-Ons
(Software & Services)

Marketplace Apps

Prices Vary

Part of the IRE solution is our Marketplace encompassing optional add-on apps and services. Some are paid, while many are free.

Agent Lead-Generation Packages

Starts at \$250/mo

Team Power Up

Starts at \$499/mo

2. kvCORE Platform Configuration

The kvCORE Platform includes options for configuring company and individual office, team and agent settings. These settings are typically included in the kvCORE options for company admins to help administer. Company settings will be setup initially with the help of the IRE GoLive team.

Company 'White Label' Configuration

Customer will receive as a part of their kvCORE Platform, a White Label configuration. This includes a specific set of features and functionality for the Customer's kvCORE Platform, including the following:

- **Branded Dashboard & CRM** - The kvCORE Platform will include branding and Customer company colors in the header and sidebar, and indicate that the solution is powered by kvCORE and IRE.
- **Branded Login Page** - The login page to the kvCORE Platform for the Customer Account will include branding and Customer company colors and indicate that the solution is powered by kvCORE and IRE.
- **Company Cloud SSO** - The Customer will be able to utilize the Single-Sign-On features of the Company Cloud to SSO to its other Apps as supported.
- **Limited Marketplace App Control** - The Customer may request certain Marketplace apps that are hidden based on the Customer's business model or preferences for its agents. Customer may also request certain Marketplace Apps are added for its agents. Requests are subject to approval by the IRE team.

3. Company Website Customization

IRE will provide services to Customer for a customized company website. These services will be provided according to an initial Project Plan created after initial planning meetings with Customer, and will include the following work and deliverables:

Services Provided	Amount Included & Description
Custom Website Design	Approximately 100 design and Implementation hours Included. Over 100 hours will be scoped and quoted to Customer for written approval.
Initial WordPress Setup & Configuration	Company WordPress website setup and configured for Customer. The site will include the lead captures, integrations, etc. to tie into Customer kvCORE Platform account.
Content Transition	IRE will assist in the Customer website content transition for content that can be imported directly into WordPress. For content that cannot, IRE will train Customer admin or staff on addition of content in WordPress.
Domains & Redirects	IRE will assist customer in setting up Customer's domain name and settings to route the domain name and DNS settings. IRE will also setup up to 50 traffic redirect rules to help ensure Customer's prior web traffic routes to the new website as well as possible.
SEO Coaching Session	IRE will help customer initially configure the website for SEO best practices and provide an initial coaching session to customer admins and staff for SEO best practices in content creation and ongoing use.

Customer Initials: MF

Exhibit 2: Deployment & Integrations

Exhibit to Customer Subscription Agreement for: **Fathom Realty** ("Customer").

Date: December 8, 2017

This exhibit provides a high-level set of plans and structure for the deployment of the kvCORE Platform for the Customer, including the methods for managing the Deployment & Onboarding Project (including training and schedules) as well as a description of Integrations and Data Transitions anticipated as part of the Deployment.

It's anticipated that changes or adjustments may be made to the plan as the Customer and Inside Real Estate work together and create the specific working project lists, deliverables, etc.

1. Project Management & Methods

IRE will dedicate an Enterprise Customer Success Manager to the account, who will configure and manage a Project Plan in our project management software, as well as facilitate meetings and communication.

The Customer's team will have direct access for real-time progress and updates. Regular calls will be held as scheduled or needed to facilitate planning and execution of the Project Plan.

IRE has launched thousands of Real Estate Brokerage accounts and has a proven process to ensure agents, offices, and the company achieve the highest value and adoption rates as possible. We follow a simple, 3-step process:

1. **Planning** - We work together to plan the end-to-end onboarding process and define any specifics that are included in the project, including: training overview and calendars; project needs and details;
2. **GoLive** - The IRE team will work with you to provision and configure accounts, setup login access, execute on project plans and transition data. This is typically the busiest portion of the project for our team, and we work to keep communication open and clear as we progress.
3. **Launch & Adoption** - The launch and adoption phase is designed to help all agents, staff and admins get comfortable and motivated to use the platform and receive significant value in a short period of time. The launch and trainings happen during this period. We also help agents focus on activities that will immediately drive their business. We also co-host in-person and webinar trainings along with Train-the-Trainer sessions.

In addition to the above overall process, a **Transition Support Team** is included, which is a dedicated set of individuals who provide assistance over and above our normal support team to help agents in adoption tasks such as moving domains, importing leads, setting up their templates. This team typically starts on the launch date and continues for ninety (90) days post-launch.

2. Deployment Schedule

The Deployment Schedule outlined below includes a set of timing expectations for deployment, rollout and training at a high level. Customer understands that these timelines are a best-estimate and must be confirmed as IRE and Customer proceed through the initial planning phase and meetings.

Deployment

In order to ensure a smooth transition to the kvCORE Platform, along with all Company and Agent Websites will be rolled out in a single phased process as outlined below.

Deployment & Rollout Timeline Detail

<i>Agreement Signed</i>	<i>Nov. 20, 2017</i>
<i>Begin Planning & Kickoff Call</i>	<i>Nov. 22, 2017</i>
<i>3rd Party SSO & Integrations Information Received</i>	<i>Dec. 15, 2017</i>
<i>CR Initial Provisioning & Account Configuration Complete</i>	<i>Jan. 1, 2018</i>
<i>Customer CRM & Back-End Staging Account Ready</i>	<i>Jan. 12, 2018</i>
<i>3rd Party SSO & Integrations Complete</i>	<i>Mar. 15, 2018</i>
<i>kvCORE CRM & Back-End Ready for Launch</i>	<i>Apr. 1, 2018</i>
<i>Website Design Drafts for Revisions</i>	<i>Jan. 15, 2017</i>
<i>Website Designs Initial Delivery</i>	<i>Feb. 15, 2017</i>
<i>Website Completion & Delivery</i>	<i>Mar. 15, 2018</i>
<i>Website Data Transition Complete</i>	<i>Apr. 15, 2018</i>
<i>Company Website & kvCORE Platform Launch</i>	<i>May 1, 2018</i>

The dates and timelines above may be adjusted during the planning and implementation phases and will be finalized between the Inside Real Estate and Customer project teams.

3. Integrations & Data Transition

kvCORE Platform provides a number of methods of integration and will work to provide the integration options and services to support the integrations. Customer understands that successful integrations require both IRE and the other integration application(s) to work together. Some integrations may not be possible if the other 3rd party application does not have a feasible integration point. Customer 3rd party integrations included are broken into 4 Categories as follows:

Integration Type	Description	Customer Solutions
Incoming Lead Sources	Customer can direct lead sources toward kvCORE at anytime with its Lead Sync functionality. Customer Solutions are fully configured for lead capture at the company level.	- Reattor.com - Zillow/Trulia - Company Corp Website - Hometown Heroes - Other Sources as Needed
kvCORE Marketplace Integrations	The kvCORE Marketplace is designed for integration of 3rd party solutions that need interaction with the kvCORE Platform. The Customer Solutions noted will be supported in the Marketplace.	- IntelliAgent - Other Marketplace Apps
kvCORE Company Cloud (SSO) Integrations	The kvCORE Company Cloud provides an in-dashboard Single-Sign-On feature for multiple applications for the Company and agents. Customer Solutions noted will be supported.	- TBD Company SSO Apps
MLS Listing / Roster Syndication Targets	kvCORE provides external, XML-formatted data feeds that are designed to be consumed by 3rd parties for listing or roster data. Known 3rd parties customers who use this feature are noted.	- Realtor.com - Zillow/Trulia

Data Transition Process

IRE will organize a Data Transition kickoff meeting at the outset of the Implementation Phase and will work with the Customer to define the required set of data from the solutions above, along with a data transition and validation schedule.

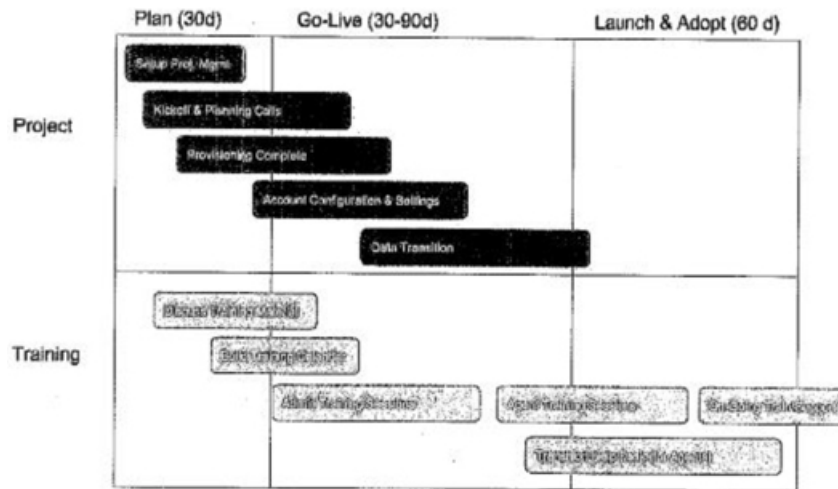
The Data Integration process generally includes the following steps:

- 1. Define Data Sets & Needs** - We work together to review and define any of the specific sets of data associated with the solutions. All schedules, definitions for data, etc. are agreed upon.
- 2. Acquire Exports & Data Set Samples** - Customer acquires the data sets from their other vendors and providers. Data sets should be combined, cleaned, etc. as possible.
- 3. Import & Validate Samples** - IRE team takes the data sets and imports sample data. Once the data is imported, Customer is able to login and validate the data as well.
- 4. Acquire Final Data Sets** - Customer acquires final exports and data sets for final import.
- 5. Import & Validate Final Data Sets** - IRE imports final data sets and validates, followed by Customer validation.

4. Training & Support

Training is an important component of the deployment and onboarding plan. IRE works with customer to maintain a training schedule for Customer's company staff, admins, agents and teams as a part of an overall onboarding and training program.

This program will be documented in detail in the initial planning phase and is based on the program outline below.



Transition Help Desk

Initially, during the onboarding phase of the Customer's Account, IRE will provide a Transition Help Desk to the Customer and its agents. The Transition Help Desk is a dedicated IRE support team to go above and beyond our normal support in proactively reaching out to the Customer's Agents in order to assist with onboarding tasks such as: Agent Lead & Contact Import, Domain Name Transition, Agent Website Settings, Agent Best Practice Training.

Ongoing Support

Ongoing support is provided to Customer and Customer's staff, admins and agents through IRE's support team. The Support team is available and provided as noted below:

Support Hours:

- 8am - 6pm PT, Monday-Friday (excluding holidays)
- Emergency Support for Company Admin - 24/7 after hours Phone/Email

Support Methods (In Priority Order):

- In-App Support Chat
- Email or Ticket Support
- Scheduled Support Calls

Customer Initials: MF

Created:	11/17/2017
By:	Joe Skousen (joe@insiderrealestate.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAJ0bDjaXPkejkESNqQ69N7CTet_udAs4p

"InsideRE Enterprise Agreement" History

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Signature Date: 12/08/2017 - 8:21:53 AM MST - Time Source: server-IP address: 65.190.59.136

Signed document emailed to Marco Fregenal (marco@fathomrealty.com), Joe Skousen (joe@insiderealestate.com), Joshua Harley (josh@fathomrealty.com), and cmcintosh@insiderealestate.com
12/08/2017 - 8:21:53 AM MST

FATHOM HOLDINGS INC. SUBSIDIARIES

<u>Entity Name</u>	<u>Jurisdiction</u>
Fathom Realty Holdings LLC	Texas
IntelliAgent, LLC	Texas
