FRANCHISE DISCLOSURE DOCUMENT

800-Carinsurance

ESTRELLA FRANCHISING CORP.
A Florida Corporation
1801 SW 3rd Avenue
Miami, Florida 33129
Phone: (305) 443-2829
franchise@estrellainsurance.com (E-mail address)
www.estrellainsurance.com and www.800carinsurance.com (web address)

As an area representative, you will procure and assist others to open and operate, insurance agencies ("Agencies") conducting business under our Trademarks and System within the Granted Territory as defined in the Area Representative Agreement. The total investment necessary to begin operations of an Estrella Area Representative Agreement, ranges from $115,500 to $135,000 if you are not required to open and operate an Agency, and between $149,950 to $284,000 if you are required to open an Agency. This fee includes $25,000 payable to us for the first Agency you must open, as well as a Development Fee that varies based on the size of the Granted Territory. We anticipate the Development Fee will be $100,000. We may waive the obligation that an area representative open and operate at least one Agency; in such event, the Development Fee to develop a 10-unit territory will be $100,000. The franchise to operate a single Agency is offered in a separate disclosure document.

This disclosure document summarizes certain provisions of your area representative agreement, and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no government agency has verified the information contained in this document.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jose Merille at 1801 SW 3rd Avenue, Miami, Florida 33129, 305-443-2829.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: April 11, 2022

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information.

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former area representatives. You can find their names and contact information in Item 20 or Exhibits E, and F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and area representative outlets.
Will my business be the only ESTRELLA Area Representative business in my area?	Item 12 and the "territory" provisions in the Area Representative agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an ESTRELLA Area Representative?	Item 20 or Exhibits E and F lists current and former Area Representatives. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The area representative agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your area representative business or may harm your area representative business.

Suppler restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The area representative agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the area representative agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your area representative agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your area representative business.

When your franchise ends. The area representative agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling in your state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your area representative agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **<u>Out-of-State Dispute Resolution.</u>** The area representative agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate or litigate with us in Florida than in your own state.
2. There may be other risks concerning this franchise.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

Table of Contents

EXHIBITS:

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, "we", "us", or "our" means ESTRELLA FRANCHISING CORP, the franchisor. "You" means the individual who buys the area representative rights described in this disclosure document (sometimes generically referred to as a "franchise" or "franchise rights"), and if married, your spouse. We only enter into area representative agreements with individuals. You may, with our consent, subsequently assign your rights to a business entity, but you will remain personally responsible for all obligations imposed on you under the area representative agreement.

The Franchisor, Its Parent, Predecessors and Affiliates

We are a Florida corporation, incorporated on January 22, 2008. Our principal business address is 1801 SW 3rd Avenue, Miami, Florida 33129. Our agents for service of process are disclosed in Exhibit "A". We do business as ESTRELLA FRANCHISING CORP., ***ESTRELLA INSURANCE*** and ***800-CARINSURANCE***. We do not do business under any other name(s). We are related through common ownership to Estrella Insurance, Inc. ("Estrella"), a Florida corporation, incorporated on November 11, 1980. Estrella developed the business system that forms the basis for the franchise program described in this Franchise Disclosure Document. Estrella presently has no offices conducting a business similar to that offered in this Franchise Disclosure Document. Our predecessor is Estrella Insurance Franchising Corp. ("Predecessor"), whose principal address is 1801 SW 3rd Avenue, Miami, Florida 33129. Our Predecessor offered single unit franchises from 1996 until our formation. Our Predecessor did not conduct the type of business you will operate, nor did it previously offer franchises in other lines of business. We have 3 affiliates: Star Casualty Insurance Co. ("Star"), a Florida corporation incorporated on August 20, 1987; Value Underwriters, Inc. ("Value") incorporated on August 10, 1998 and Estrella General Agency, Inc. ("EGA"), a Florida corporation, incorporated on June 2, 2006. Each of these companies has a principal business address of 1801 SW 3rd Avenue, Miami, Florida 33129. Star is a property and casualty automobile insurer, Value is a managing general agent and EGA is a managing general agent for those insurance companies with whom you will do business if you operate an Agency. Star, Value and EGA are not engaged in other businesses, and have not offered franchises for the business being franchised by us or in any other line of business.

The Franchisor's Business

We offer and sell the area representative franchises described in this disclosure document. We also offer and sell, pursuant to a separate disclosure document, ***ESTRELLA INSURANCE*** and ***800-CARINSURANCE*** unit franchises. We began offering ***ESTRELLA INSURANCE*** unit franchises as of April 2008 and ***800-CARINSURANCE*** unit franchises as of April 2021. We began offering Area Representative franchises in October, 2021. We are not engaged in any other businesses, do not operate the business being franchised (although Star operates an insurance company) and have not offered franchises in other lines of business.

The Area Representative Franchise

We offer qualified individuals that fit our criteria the right to become Area Representatives ("Representatives"). Representatives sign an Area Representative Agreement ("Area Representative Agreement", Exhibit "C"), under which they will procure and assist others ("franchisees") in opening and operating Agencies conducting business under our Trademarks and System within the Granted Territory. Representatives must open and operate one Agency in a specified geographic area ("Granted Territory") according to a schedule ("Development Schedule"). Each Agency will operate under its own franchise agreement. We may waive the obligation that a Representative open and operate one Agency. As of the date of this Disclosure Document, we have 0 Representatives. We began offering Area Representative rights in October 2021.

Industry Regulations

In addition to laws and regulations that apply to businesses generally, the unit Franchised Business that you may operate is subject to insurance licensing requirements. These requirements vary from state to state. If you operate an Agency, you will need to qualify for and obtain a general lines, property and casualty license, a health and life insurance license and all other licenses necessary to conduct the unit Franchised Business. As an Area Representative, you must also comply with laws regulating the offer and sale of franchises, including registering as a franchise broker in some states.

The Market and Your Competition

The market for insurance agency businesses is well developed. Your competition will include independent insurance agencies and local offices of national and regional insurance companies, and your employees or contractors that you have engaged, if they apply and are granted franchise rights from us. Your sales will be to individuals needing automobile, homeowners, health, life and commercial insurance and other financial services.

ITEM 2. BUSINESS EXPERIENCE

Chief Executive Officer and Director – Nicolas Estrella, Jr.

Mr. Estrella became our Chief Executive Officer in April 2014 and has been a Director since our incorporation. From January 2008 until April 2014, he was our Executive Vice President. From February 2008 until present, Mr. Estrella has been President, Estrella. Since 2004 until present, he has been an Attorney, Miami, Florida.

President, Chief Operating Officer and Director – Jose E. Merille

Mr. Merille has been our President and Director since our incorporation and became our Chief Operating Officer in April 2014. From December 2005 until January 2008, he was a Broker, Empire Business Brokers, Inc., Miami, Florida.

Vice President and Director – Nicolas Estrella

Mr. Estrella has been a Vice President and a Director since our incorporation. From 1996 until present, he has been Chairman of our Predecessor. From 1988 to present, Mr. Estrella has been a director of Star. From 1989 to present, he has been a director of Centrex and Estrella.

Chief Financial Officer Alejandro Ruben Zajac

Mr. Zajac has been our Chief Financial Officer, since our incorporation. From April 1996, he has been the Chief Financial Officer of our Predecessor. From July 1990 to present, Mr. Zajac has been Treasurer of Star.

Secretary – Amanda Estrella

Ms. Estrella has been our Secretary since our incorporation. From March 2006 until the present, she has been Marketing Director for Estrella.

Treasurer – Jose Evelio Estrella

Mr. Estrella has been our Treasurer since our incorporation. From January 2005 until present, Mr. Estrella, CEO of Star Casualty, was Adjuster/Agency Support Manager for Star Casualty.

Vice President and Director of Operations – Richard N. Estrella

Mr. Estrella has been our Vice President and Director of Operations since January 2020, in Miami, Florida. From January 1997 until January 2020, Mr. Estrella was Vice President of Estrella General Agency, in Miami, Florida.

Director of Franchising and Training – Analaura Morales

Ms. Morales has been our Director of Franchising since our incorporation and our Director of Training since April 2008.

Director of Information Technology – Manuel F. Alea Cofiño

Mr. Cofiño has been our Director of Information Technology since November 2017. From August 2006 until October 2017, Mr. Cofiño was our Information Manager, in Miami, Florida.

Director of Audit and Compliance – Lidia Lily Hernandez

Ms. Hernandez has been our Director of Audit and Compliance since October 2012. From January 2012 until September 2012, she was a real estate agent, Coldwell Banker and Keyes Realty, Miami, Florida.

Director of Franchise Development – Felipe Martinez

Mr. Martinez has been our Director of Franchise Development since December 2018. From April 2014 until December 2018, Mr. Martinez was Project Sales Leader and Manager of Miami Territory for Ross Services, in Tamarac, Florida.

Territory Manager - Stefan Tenreiro

Mr. Tenreiro has been a Territory Manager for us in the State of Florida, since July 2019. From January 2017 until July 2019, Mr. Tenreiro was in charge of our technology in Miami, Florida. From May 2004 until January 2017, Mr. Tenreiro was our IT Director in Miami, Florida.

Territory Manager - Cecilia A. Quijada

Ms. Quijada has been a Territory Manager for us in the State of Florida, since November 2018. From April 2018 until November 2018, Ms. Quijada was a Customer Contract Center Trainer for Kemper Insurance, in Phoenix, Arizona. From January 2015 until September 2017 Ms. Quijada was the Office Manager for Community Choice Family Insurance in Phoenix, Arizona.

Territory Manager – Jose Esteban Sanchez.

Mr. Sanchez has been a Territory Manager since November 2014. From February 2000 until May 2014, Mr. Sanchez was a Store Manager for Best Buy, in Hialeah, Florida.

Territory Manager – Marco Tulio Mena

Mr. Mena has been a Territory Manager in Texas, since March 1, 2019. From July 18, 1998 until July 30, 2018, Mr. Mena was a General Manager of Dry Clean USA, in Managua, Nicaragua.

Territory Manager – Maria Boffill

Ms. Boffill has been a Territory Manager in Miami, Florida, since February 2020. From July 2019 until February 2020, Ms. Boffill was an Agency Support Representative with Star Casualty, in Miami, Florida. From September 2015 through June 2019 Ms. Boffill was an Agent Producer for Estrella Insurance 101, in Miami, Florida.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

Area Representative Agreement

You must pay us a development fee ("Development Fee"), when you sign an Area Representative Agreement. At the same time you enter into an Area Representative Agreement, you must simultaneously sign a Franchise Agreement for your first Agency. In addition to the initial franchise fee for the first unit Franchised Business, you must pay to us a Development Fee that will vary based on the size and demographics of the Granted Territory. We anticipate that the Development Fee will be $100,000. The number of Franchised Businesses that must be open, and the time periods in which they must be opened, will be determined before you sign the Area Representative Agreement. The Area Representative Agreement that you must sign is attached to this disclosure document as Exhibit "C". Notwithstanding the foregoing, we may waive the obligation that a Representative open and operate one Agency; in such event, the Development Fee to develop a 10-unit territory will be $100,000.

The Development Fee is not uniform for all Representatives. The Development Fee is not refundable under any circumstances.

ITEM 6. OTHER FEES

All of the fees listed below are imposed by and payable to us. All fees are uniform and nonrefundable.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Transfer Fee	$15,000	Before transfer is effective	We charge a transfer fee when the Area Representative Agreement or any ownership interest in the person/entity owning the Area Representative Agreement is transferred. There are other conditions for transfer.
Additional Assistance	Not set as of this date	On demand	We reserve the right to charge a fee for additional assistance we provide at your request for marketing and sales of franchises.
Failure to Open	$2,000	1st day of each month	If you do not open Agencies according to the Development Schedule, you will pay us, as liquidated damages, $2,000 per month per Agency commencing with the second month after the date you fail to meet the Development Schedule. If you fail to make this payment or fail to satisfy the Development Schedule in any 2 consecutive Development Periods, we can terminate the Development Agreement.
Closing Fee	Varies	On demand	If the closing on the sale of a franchise occurs at a location other than our principal office, and if it is necessary for our personnel to attend closing, you pay all costs we incur in attending such closing.
Indemnification	Will vary under circumstances	As incurred	You have to reimburse us if we are held liable for claims arising from your operation of the area representative business.
Costs and Attorney's Fees	Will vary under circumstances	As incurred	You are responsible for our costs and attorneys' fees if we incur them in any arbitration or litigation proceeding in which we prevail or if we have to obtain an injunction against you.
Securities Offering Fee	$5,000.00 or more	Before you sell any securities	You pay us a minimum of $5,000 to review any proposed offering of your securities or partnership interests to the public, or in a private offering. You pay all of our legal, accounting, and other fees we may incur in reviewing such an offering.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

For Commercial Office Franchised Businesses (if no Agency is required)

YOUR ESTIMATED INITIAL INVESTMENT COMMERCIAL OFFICE				
TYPE OF EXPENDITURE	**AMOUNT LOW-HIGH**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial franchise fee [1]	$None			
Area Representative Fee	$100,000	Lump sum	At signing of Area Representative Agreement	Us
Real Property [2]	See Note 2	See Note 2	As Required	Landlord
Construction Leasehold, Improvements, Remodeling and Decorating Costs [3]	$4,000 to $12,000	As Incurred	Before Opening	Vendors
Office Supplies	$500 to $1,000	Per Vendor	Per Vendor	Vendor
Equipment, Furnishings, Fixtures and Other Fixed Assets [4]	$4,000 to $6,000	As Incurred	Before Opening	Vendors
Computer [5]	$3,000 to $6,000	Per Vendor	Per Vendor	Vendors
Insurance	$1,000	Lump Sum	Before opening	Insurance Company
Training Expenses [6]	$500 to $2,500	Cash	Before Opening	Transportation, Hotels and Restaurants
Security Deposits, Utility Deposits, Business Licenses and Other Prepaid Expenses [6]	$1,500 to $4,000	Lump Sum	Before Opening	Landlord, Suppliers, Utilities, State & Local Agencies
Fictitious Name Registration and/or Incorporation and Legal Review [8]	$500 to $1,000	Lump Sum	Before Signing Franchise Agreement	Third Parties
Miscellaneous [7]	$500 to $1,500	As Required	As Required	See Note 12
Total Estimated Initial Investment	**$115,500 to $135,000**			

Except for the initial franchise fee, all of the above figures are estimates only. Actual costs will vary for each franchisee and each location. Amounts payable to us are non-refundable. Amounts payable to others are refundable according to the policies of those receiving payment.

[1] See Item 5 for information about the initial franchise fee. In some cases, we may waive the obligation for Representative to open and operate at least one Agency. In that event, the Development Fee for a 10-unit territory will be $100,000, and you will not incur the expenses required to open an Agency.

[2] Real estate costs vary widely from place to place. You will need approximately 800 to 1,200 square feet of space for your location, to accommodate approximately 6 agent desks, a manager's office and a small customer waiting area.

If you lease space to conduct your Commercial Office Franchised Business, we estimate that the average rent per square foot should range from $15 to $40. Most landlords require a security deposit of at least one month's rent. Commercial rental rates vary from place to place and region to region. You may incur some build out expenses (see Note 3, below). You may also incur real estate broker fees, additional prepayments (e.g. last month's rent), common area maintenance (CAM) fees, operating expense pass throughs, or other costs, depending on the terms of your lease and the location of the leased space.

We are unable to estimate your costs for buying or leasing land and constructing a building, as these costs vary widely depending on location and the design and construction of the building.

[3]You may incur costs for the build out of your office space. If you lease the Location, you may be able to negotiate a construction allowance from the landlord which may cover a portion of the build out/leasehold improvement expenses. Area Representatives are not permitted to operate a Home-Based franchise.

[4] You will need at a minimum, 3 desks, chairs, decor items, fax machine, telephone system, and photocopier.

[5] We require you to use certain computer equipment to be connected with our central computer system and to use a certain type of personal computer and certain peripherals. (See Item 11.)

[6] Deposits may be required by the telephone, gas, water and electric companies, or others supplying services to your Commercial Office Franchised Business. The deposits may be refundable to you at a later time by the respective vendor. Your lease may require you to pay electric, gas, water and other utilities directly; however, some landlords cover some utility charges through CAM fees or operating expense pass throughs. (See Note 2, above.)

Local, municipal, county and state regulations vary on what licenses and permits are required. In most states, a city and/or county occupational license is required. Fees are paid to governmental agencies before commencing business and usually are not refundable. Fees may be based on square footage, or a flat amount. You should consult your lawyer or your local county and state authorities about the specific legal requirements for business licenses and related types of expenses in your local area.

Includes opening advertising, promotional activities, stationery and printing. Costs such as additional licenses and permits, professional fees for accountants and architects, and other items are also included in this estimate.

We relied on the business experience of our principal officers and directors to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. The estimate does not include any finance charge, interest or debt service obligation.

YOUR ESTIMATED INITIAL INVESTMENT

For Commercial Office Franchised Businesses (if Agency is required)

YOUR ESTIMATED INITIAL INVESTMENT COMMERCIAL OFFICE				
TYPE OF EXPENDITURE	**AMOUNT LOW-HIGH**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial franchise fee [8]	$25,000	Lump Sum	At signing of Franchise Agreement	Us
Area Representative Fee	$100,000 to $200,000	Lump sum	At signing of Area Representative Agreement	Us
Real Property [9]	See Note 2	See Note 2	As Required	Landlord
Construction Leasehold, Improvements, Remodeling and Decorating Costs [10]	$4,000 to $12,000	As Incurred	Before Opening	Vendors
Office Supplies	$500 to $1,000	Per Vendor	Per Vendor	Vendor
Equipment, Furnishings, Fixtures and Other Fixed Assets [11]	$4,000 to $6,000	As Incurred	Before Opening	Vendors
Computer [12]	$3,000 to $6,000	Per Vendor	Per Vendor	Vendors
Signage [13]	$2,200 to $4,500	Per Vendor	Per Vendor	Vendors
Insurance [14]	$3,000 to $5,000	Lump Sum	Before opening	Insurance Company
Training Expenses [15]	$500 to $2,500	Cash	Before Opening	Transportation, Hotels and Restaurants
Security Deposits, Utility Deposits, Business Licenses and Other Prepaid Expenses [16]	$1,500 to $4,000	Lump Sum	Before Opening	Landlord, Suppliers, Utilities, State & Local Agencies
New Agency Package [17]	$250 to $500	Lump Sum	Before Opening	Us
Fictitious Name Registration and/or Incorporation and Legal Review [18]	$500 to $1,000	Lump Sum	Before Signing Franchise Agreement	Third Parties

YOUR ESTIMATED INITIAL INVESTMENT COMMERCIAL OFFICE				
TYPE OF EXPENDITURE	**AMOUNT LOW-HIGH**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Miscellaneous [19]	$500 to $1,500	As Required	As Required	See Note 12
Additional Funds (3 months) [20]	$5,000 to $15,000	As incurred	As incurred	See Note 13
Total Estimated Initial Investment	**$149,950 to $284,000**			

Except for the initial franchise fee, all of the above figures are estimates only. Actual costs will vary for each franchisee and each location. Amounts payable to us are non-refundable. Amounts payable to others are refundable according to the policies of those receiving payment.

See Item 5 for information about the initial franchise fee. In some cases, we may waive the obligation for Representative to open and operate at least one Agency. In that event, the Development Fee for a 10-unit territory will be $100,000, and you will not incur the expenses required to open an Agency.

[1] Real estate costs vary widely from place to place. You will need approximately 800 to 1,200 square feet of space for your location, to accommodate approximately 6 agent desks, a manager's office and a small customer waiting area.

If you lease space to conduct your Commercial Office Franchised Business, we estimate that the average rent per square foot should range from $15 to $40. Most landlords require a security deposit of at least one month's rent. Commercial rental rates vary from place to place and region to region. You may incur some build out expenses (see Note 3, below). You may also incur real estate broker fees, additional prepayments (e.g. last month's rent), common area maintenance (CAM) fees, operating expense pass throughs, or other costs, depending on the terms of your lease and the location of the leased space.

We are unable to estimate your costs for buying or leasing land and constructing a building, as these costs vary widely depending on location and the design and construction of the building.

[1] You may incur costs for the build out of your office space. If you lease the Location, you may be able to negotiate a construction allowance from the landlord which may cover a portion of the build out/leasehold improvement expenses. Area Representatives are not permitted to operate a Home-Based franchise.

[1] You will need at a minimum, 3 desks, chairs, decor items, fax machine, telephone system, and photocopier.

[1] We require you to use certain computer equipment to be connected with our central computer system and to use a certain type of personal computer and certain peripherals. (See Item 11.)

[1] Depending on the characteristics of the Commercial Office Location, your lease and local ordinances the specific type of exterior sign will vary. The typical configuration will be a maximum of 2, lighted exterior signs and an awning, where allowed.

[1] We require that certain specified insurance be carried by you, including general commercial liability insurance (including excess liability or umbrella coverage and contents), errors and omissions (professional liability) insurance automobile insurance and worker's compensation. The method and timing of payments is a matter to be resolved between you and your carrier. Because the selection of the carrier, value of the leasehold improvements, amount of wages and related conditions vary considerably, it is difficult to estimate the cost. Lack of appropriate insurance coverage constitutes ground for termination of the Area Representative Agreement.

[1] You pay for all costs and expenses associated with the mandatory training program. These costs include transportation, lodging, compensation of trainees and meals. Generally, these costs will vary as a function of the distance traveled, the lodgings selected, the restaurants used, the distance between the lodgings and the training site and the type of transportation selected. Airfare is excluded from the estimate. The estimate contemplates attendance of 2 management level persons traveling to our training facility in Miami, Florida and attending classroom training for 2 weeks. The balance of the training program, consisting of hands on agency training, will occur at a training facility of our choosing. The actual distance to that facility will affect your costs.

[1] Deposits may be required by the telephone, gas, water and electric companies, or others supplying services to your Commercial Office Franchised Business. The deposits may be refundable to you at a later time by the respective vendor. Your lease may require you to pay electric, gas, water and other utilities directly; however, some landlords cover some utility charges through CAM fees or operating expense pass throughs. (See Note 2, above.)

Local, municipal, county and state regulations vary on what licenses and permits are required. In most states, a city and/or county occupational license is required. Fees are paid to governmental agencies before commencing business and usually are not refundable. Fees may be based on square footage, or a flat amount. You should consult your lawyer or your local county and state authorities about the specific legal requirements for business licenses and related types of expenses in your local area.

[1] Includes certain logo items, e.g., wall clock, area rug, customer comment boxes and other miscellaneous items

[1] We recommend that you operate the franchise through a business entity. In this event, we require the personal guarantee of the principals and their spouses. Regardless of the form of ownership of the franchise, you may have to comply with the fictitious, assumed, or trade name statutes of the state in which the Franchised Business is located. The estimate varies from state to state depending on state law, the prevailing rate of attorneys' fees and the scope of legal services requested.

[1] Includes opening advertising, promotional activities, stationery and printing. Costs such as additional licenses and permits, professional fees for accountants and architects, and other items are also included in this estimate.

[1] This is an estimate only of the additional funds for the initial 3-month period of the Franchised Business. The actual amount of additional funds you will need depends on a variety of factors, including: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for insurance services; prevailing wage rate; and the sales level reached during that initial period.

The estimate of additional funds is based on an owner operated business and does not include any salaries or benefits for employees or any allowance for an owner’s draw. The estimate is for the initial period of 3 months. In general, a franchisee may have to put additional cash into the business during at least the first 3 to 6 months, and sometimes longer, but we cannot estimate or promise when, or whether, any individual franchisee will achieve positive cash flow or profits. These estimates assume that we have not waived your obligation to operate at least one Agency.

[1] See Item 5 for information about the initial franchise fee. In some cases, we may waive the obligation for Representative to open and operate at least one Agency. In that event, the Development Fee for a 10-unit territory will be $100,000, and you will not incur the expenses required to open an Agency.

[1] Real estate costs vary widely from place to place. You will need approximately 800 to 1,200 square feet of space for your location, to accommodate approximately 6 agent desks, a manager’s office and a small customer waiting area.

If you lease space to conduct your Commercial Office Franchised Business, we estimate that the average rent per square foot should range from $15 to $40. Most landlords require a security deposit of at least one month’s rent. Commercial rental rates vary from place to place and region to region. You may incur some build out expenses (see Note 3, below). You may also incur real estate broker fees, additional prepayments (e.g. last month’s rent), common area maintenance (CAM) fees, operating expense pass throughs, or other costs, depending on the terms of your lease and the location of the leased space.

We are unable to estimate your costs for buying or leasing land and constructing a building, as these costs vary widely depending on location and the design and construction of the building.

[1] You may incur costs for the build out of your office space. If you lease the Location, you may be able to negotiate a construction allowance from the landlord which may cover a portion of the build out/leasehold improvement expenses. Area Representatives are not permitted to operate a Home-Based franchise.

[1] You will need at a minimum, 3 desks, chairs, decor items, fax machine, telephone system, and photocopier.

[1] We require you to use certain computer equipment to be connected with our central computer system and to use a certain type of personal computer and certain peripherals. (See Item 11.)

[1] Depending on the characteristics of the Commercial Office Location, your lease and local ordinances the specific type of exterior sign will vary. The typical configuration will be a maximum of 2, lighted exterior signs and an awning, where allowed.

[1] We require that certain specified insurance be carried by you, including general commercial liability insurance (including excess liability or umbrella coverage and contents), errors and omissions (professional liability)

insurance automobile insurance and worker's compensation. The method and timing of payments is a matter to be resolved between you and your carrier. Because the selection of the carrier, value of the leasehold improvements, amount of wages and related conditions vary considerably, it is difficult to estimate the cost. Lack of appropriate insurance coverage constitutes ground for termination of the Area Representative Agreement.

[1] You pay for all costs and expenses associated with the mandatory training program. These costs include transportation, lodging, compensation of trainees and meals. Generally, these costs will vary as a function of the distance traveled, the lodgings selected, the restaurants used, the distance between the lodgings and the training site and the type of transportation selected. Airfare is excluded from the estimate. The estimate contemplates attendance of 2 management level persons traveling to our training facility in Miami, Florida and attending classroom training for 2 weeks. The balance of the training program, consisting of hands on agency training, will occur at a training facility of our choosing. The actual distance to that facility will affect your costs.

[1] Deposits may be required by the telephone, gas, water and electric companies, or others supplying services to your Commercial Office Franchised Business. The deposits may be refundable to you at a later time by the respective vendor. Your lease may require you to pay electric, gas, water and other utilities directly; however, some landlords cover some utility charges through CAM fees or operating expense pass throughs. (See Note 2, above.)

Local, municipal, county and state regulations vary on what licenses and permits are required. In most states, a city and/or county occupational license is required. Fees are paid to governmental agencies before commencing business and usually are not refundable. Fees may be based on square footage, or a flat amount. You should consult your lawyer or your local county and state authorities about the specific legal requirements for business licenses and related types of expenses in your local area.

[1] Includes certain logo items, e.g., wall clock, area rug, customer comment boxes and other miscellaneous items

[1] We recommend that you operate the franchise through a business entity. In this event, we require the personal guarantee of the principals and their spouses. Regardless of the form of ownership of the franchise, you may have to comply with the fictitious, assumed, or trade name statutes of the state in which the Franchised Business is located. The estimate varies from state to state depending on state law, the prevailing rate of attorneys' fees and the scope of legal services requested.

[1] Includes opening advertising, promotional activities, stationery and printing. Costs such as additional licenses and permits, professional fees for accountants and architects, and other items are also included in this estimate.

[1] This is an estimate only of the additional funds for the initial 3-month period of the Franchised Business. The actual amount of additional funds you will need depends on a variety of factors, including: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for insurance services; prevailing wage rate; and the sales level reached during that initial period.

The estimate of additional funds is based on an owner operated business and does not include any salaries or benefits for employees or any allowance for an owner's draw. The estimate is for the initial period of 3 months. In general, a franchisee may have to put additional cash into the business during at least the first 3 to 6 months, and sometimes longer, but we cannot estimate or promise when, or whether, any individual franchisee will achieve positive cash flow or profits. These estimates assume that we have not waived your obligation to operate at least one Agency.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Approved Suppliers

Currently, you must buy or lease office equipment, office furniture, computer hardware and software relating to the establishment or operation of your Franchised Business from designated suppliers. We derive no revenues from these purchases or leases. In order to maintain the quality of the services offered by our franchised insurance agencies and the reputation of the brands operated under our franchise system, you must initially and during the Term, purchase or lease fixtures, equipment, supplies, furnishings, and related items and use financial statement preparation services that meet our minimum standards and specifications from the suppliers that we designate. We will notify you in our

Operations Manual or other communications of our standards and specifications and names of approved suppliers. We may require supplies to be purchased exclusively from us or from approved suppliers or distributors. There may be situations where you can obtain items from any supplier who can satisfy our requirements and therefore, would be considered an approved supplier. We estimate that the cost of items purchased or leased from our designated suppliers represents 18% - 20% of your total purchases in connection with the establishment of your Franchised Business and 8% - 10% of your total purchases in connection with the operation of your Franchised Business.

If you desire to purchase any items from an unapproved supplier, you must submit a written request for approval. Approval will not be unreasonably withheld, but must be obtained in writing. We reserve the right to require that samples from the supplier be delivered to us or our designee for testing. We will respond to a request for approval within a reasonable time after completing inspections and testing.

All marketing and promotion by you in any manner or medium must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. You must submit to us, for our prior approval samples of all advertising or promotional plans and materials that you desire to use and that have not been prepared or previously approved by us. If written approval is not received within 15 days, we will not be deemed to have been given the required approval. You may not use any marketing or promotion materials that we have not approved.

Restrictions

You must operate the Franchised Business according to our System standards. System standards may regulate, among other things, the types, models and brands of required fixtures, furnishings, equipment, signs, materials and supplies to be used in operating your Franchised Business, required or authorized products and product categories and designated or approved suppliers of such items, as stated above. If you operate an Agency, you must use our Agency Management Software (See Item 11).

If you operate an Agency, you may only sell those insurance and insurance related products that we have approved from those insurance companies and other suppliers with whom we or our affiliates have established the required agency or other relationships. All of your insurance business will be placed with our affiliate EGA, in its capacity as managing general agent (See Item 1). We and/or our affiliates may earn revenues from sales by you of these products and services. In 2021, our affiliate EGA, collected a total of $8,290,484 in commissions from franchisees. Certain of our officers own interests in Star, Value and EGA.

If you desire to recommend sources for products, we will evaluate those sources and their products with reasonable promptness and will approve or disapprove these sources based upon the following conditions:

A. You submit a written request for approval and agree to bear the costs of our evaluations.

B. The supplier demonstrates to our reasonable satisfaction that the product conforms with our specifications.

C. The supplier demonstrates to our reasonable satisfaction that the supplier is of good standing in the business community with respect to its financial capabilities and the reliability of its products and service.

If you operate an Agency, you must provide us with a copy of the executed lease for your ***ESTRELLA INSURANCE*** or ***800-CARINSURANCE*** office. The lease must include certain terms and conditions, either as part of the lease itself or as an addendum.

Insurance

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, business owner's insurance, errors and omissions insurance and other insurance coverage that we require from time to time and meet the other insurance related obligations in the Area Representative Agreement. The cost of this coverage will vary depending on the insurance carriers' charges, terms of payment and your history. All insurance policies must name us as an additional insured party.

Miscellaneous

Except as described above, we do not currently derive revenue or other material consideration as a result of required purchases or leases by you. There currently are no purchasing or distribution cooperatives. We currently are able to obtain volume discounts with suppliers for office supplies. However, there is no assurance that we will be able to continue to do so in the future. In the future, we may negotiate other purchase arrangements with suppliers for the benefit of franchisees, and/or derive revenue or other material consideration as a result of required purchases or leases.

We do not provide material benefits to you (for example, renewal or granting additional franchisees) based on your purchases of particular products or services or the use of particular suppliers.

ITEM 9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

FRANCHISEE'S OBLIGATIONS COMMERCIAL OFFICE			
OBLIGATION		**SECTION IN AREA REPRESENTATIVE AGREEMENT**	**FRANCHISE DISCLOSURE DOCUMENT ITEM**
a. Site selection and acquisition/lease		7(f)(ii)	11
b. Pre-opening purchases/leases		None	7
c. Site development and other preopening requirements		None	7 and 11
d. Initial and ongoing training		4(b), 7(i)	7 and 11
e. Opening		2(b)	11
f. Fees		5	5, 6 and 7

FRANCHISEE'S OBLIGATIONS COMMERCIAL OFFICE			
OBLIGATION		**SECTION IN AREA REPRESENTATIVE AGREEMENT**	**FRANCHISE DISCLOSURE DOCUMENT ITEM**
g. Compliance with standards and policies/operating manuals		4(c), 7(a), 7(e), and 9(a)	8 and 11
h. Trademarks and proprietary information		6	13 and 14
i. Restrictions on products/services offered		7(f)(v)	16
j. Warranty and customer service requirements		None	N/A
k. Territorial development and sales quotas		2(b) and Exhibit "3"	12
l. Ongoing product/service purchases		None	8
m. Maintenance, appearance and remodeling		None	N/A
n. Insurance		16	7 and 8
o. Advertising		7(d), 7(g) – 7(i)	7 and 11
p. Indemnification		17	None
q. Owner's participation/management/staffing		4(b), 7(b)	1, 11 and 15
r. Records/reports		7(l)	None
s. Inspections/audits		7(n)	6
t. Transfer		11	6 and 17
u. Renewal		3(b)	6 and 17
v. Post-termination obligations		15	17
w. Non-competition covenants		10	17
x. Dispute resolution		19(f)	17
Other: Guaranty of Franchisee's obligations (1)		13; Exhibit 5	15

Note 1: Each individual who owns an interest in an area representative that is a business entity, must sign an agreement to discharge all obligations of the area representative under the Area Representative Agreement.

ITEM 10. FINANCING

Neither we nor our affiliates offer any direct or indirect financing arrangements to area representatives. We do not guarantee any notes, leases or other obligations of yours to third parties. We do not finance any portion of the Development Fee.

ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

Before opening the Area Representative Business, we are obligated under the Area Representative Agreement to make available to you, or assist you in obtaining, the following:

A. Information with respect to preliminary plans, layouts, and standards and specifications for all fixtures, furnishings, signs, equipment and leasehold improvements for use in developing Agencies;

B. Such information as we may have concerning possible sources of fixtures, furnishings, signs, equipment, leasehold improvements, and other products and services available in connection with the operation of the Agencies;

C. Our site selection and site evaluation criteria.

D. Training and orientation in the sale of Estrella franchises, including without limitation, sales techniques and procedures and disclosure requirements; and

E. One (1) copy of the Representative Franchise Manual and access to an electronic version if available, which may be amended by us from time to time.

F. We will furnish an initial training program, to consist of the training program applicable to ESTRELLA Franchisees and such further training which may include topics such as marketing, franchise sales, site selection, store opening procedures and franchise law compliance, as we deem advisable.

Obligations After Opening

After opening of the Area Representative Business, we are obligated under the Area Representative Agreement to make available to you, or assist you in obtaining, the following:

A. Sales support in connection with the marketing of Agencies.

B. Copies of disclosure documents that you must use in connection with the sale of Agency franchises for purpose of complying with state or federal laws and regulations affecting the sale of franchises;

C. Periodic individual or group counseling in the operation and supervision of the Agencies, rendered in person, by seminar, or by newsletters or bulletins, as we may deem appropriate;

D. Advice and assistance concerning operating procedures, new techniques or operating methods, and management, marketing, promotion and advertising methods and programs, as we may deem appropriate; and

E. Assistance as we may deem reasonably required, including advice and guidance with respect to new and improved methods of operation or business procedure developed by us, use of the Representative Franchise Manual, management materials, promotional materials, advertising formats and the Trademarks.

F. Pay to you 50% of the initial franchise fees we collect in the Granted Territory.

G. Pay to you 50% of the Royalties we receive from franchisees in the Granted Territory.

H. Pay to you 50% of the transfer fees received by us from franchisees in the Granted Territory.

I. Pay to you 50% of the renewal fees received by us from franchisees in the Granted Territory.

Advertising Programs

We have established, and we administer our franchise marketing fund (the "Marketing Fund"). If you operate an Agency, you will pay monthly, a fee for advertising, public relations, promotional campaigns and other marketing programs, in a sum equal to 7% of your Net Commissions. (Franchise Agreement, Sec. 4.5). The monies collected will be maintained in a separate account. These sums are used for the benefit of all franchisees in order to promote and enhance the value of our franchise system and its marks. We are not obligated, in administering the Marketing Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Marketing Fund. In 2021, the Marketing Fund spent its contributions on a percentage basis as follows: media placement 91%, administrative 5%, production 3%, and 1% other advertising related expenses.

We will direct all marketing programs financed by the Marketing Fund and will have sole discretion over the creative concepts, materials, and endorsements used and the geographic market and media placement and allocation. We will use either national or regional advertising agencies. The Marketing Fund may be used to pay the costs of conducting marketing surveys and research; employing public relations firm; preparing and producing video, audio, and printed marketing materials, administering multi regional marketing programs, including, without limitation, purchasing television, radio, magazine, billboard, newspaper, and other media advertising, and employing advertising agencies, providing marketing materials to ***ESTRELLA INSURANCE*** and ***800-CARINSURANCE*** agencies and holding conventions and regional meetings for franchisees. The Marketing Fund will furnish you with approved marketing materials on the same terms and conditions as we furnish these materials to our other franchisees. The Marketing Fund will not use any funds for advertising that is a solicitation for the sale of franchises. The Marketing Fund does not create a fiduciary relationship between us.

Area Franchise Advisory Council

We may designate you as our designee in the formation of Area Franchisee Councils in the Granted Territory should we, in our sole discretion, determine to establish same, and, in such event, you must actively participate in the affairs of such Councils. At our request, you will be responsible for planning, organizing, conducting and chairing meetings of Area Franchisee Councils within the Granted Territory.

You will bear all expenses incurred in connection with such regional meetings; provided that the franchisees shall bear their own expenses in connection with the sending of persons to such meetings. You must keep us advised of all activities of the Councils.

Area Representative Advertising

You must maintain in stock such minimum amounts of standard advertising and marketing materials as we may require from time to time, and shall use only business stationery, marketing materials, advertising materials, printed materials or forms which have been approved in advance in writing by us.

You must maintain a local advertising program meeting our minimum criteria (which will be described in the Representative Franchise Manual or other written materials). In addition, if you fail to meet one or more of the deadlines in the Development Schedule set forth in Exhibit 3 to the Area Representative Agreement, we may, at our option, require you to spend up to $2,000 per month on local marketing efforts in the Granted Territory. If minimum spending requirements are implemented by us, you must provide us with monthly receipts or other written evidence showing the amounts spent by you on local advertising.

Operations Manual

The Table of Contents of the Representative Franchise Manual is attached to the Franchise Disclosure Document as Exhibit “D”, and consists of approximately 37 pages.

Commercial Office Location Selection

Although we may have pre-selected a site for the Commercial Office Franchised Business, you are solely responsible for selecting the Location for the operation of the Commercial Office Franchised Business, which you will lease directly from the landlord, subject to our prior written approval, within ninety (90) days after execution of the Franchise Agreement. In approving sites, we consider demographic information, traffic counts, access, visibility, visual and physical characteristics, parking facilities, anchor tenant(s) (if a shopping center), and lease terms. The final lease agreement should have a term (or a combination of an initial term and options) of at least 10 years, with an option to renew for a like period. You may not execute any lease agreement for the Commercial Office Location until the terms and conditions of the lease have been approved in writing by us. As a condition of our approval of the lease agreement, we may require you and the landlord to execute our current Rider to Lease, under which we are granted an option to assume, or have our assignee assume, the obligations of the lease agreement in the event of the termination of the Franchise Agreement. The Commercial Office Location will be used for no purposes other than the operation of the Agency Franchised Business.

You will be solely responsible for developing the Commercial Office Location, subject to supervision by us. We will furnish you mandatory and suggested specifications and layouts, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs and color scheme. It will be your responsibility to have prepared all required construction plans and specifications to suit the shape and dimensions of the Commercial Office Location and to insure compliance with applicable laws and the lease. You will submit construction plans and specifications to us for approval before construction is commenced and will, upon request, submit all revised or “as built” plans and specifications during construction. You will obtain our written approval prior to opening the Commercial Office Franchised Business. The Commercial Office Franchised Business will be open to the public no later than 60 days from the date the Commercial Office Location is turned over to you by the landlord for the construction of tenant improvements.

In all events, you agree, at your sole expense, to do or cause to be done the following with respect to the Commercial Office Location: (i) secure all required financing; (ii) obtain all required permits and licenses; and (iii) purchase and pay for all fixtures, equipment and signs.

You agree to use in the development and operation of the Commercial Office Location only those fixtures, equipment (including computer equipment, telecopiers, and facsimile machines) and signs that we have approved as meeting our specifications and standards for quality, design, appearance, function and performance. You will purchase or lease approved brands, types or models of fixtures, equipment (including computer equipment, telecopiers and facsimile machines) and signs only from suppliers designated or approved by us (which may include us and/or our affiliates). You agree to place or display at the Commercial Office Location (interior and exterior) only such signs, emblems, lettering, logos and display materials that we approve from time to time. If we are developing the Commercial Office Location for you, we will select and install, but not pay for, the fixtures, equipment (including computer equipment, telecopiers and facsimile machines) and signs.

It generally takes between 3 to 6 months after signing the Franchise Agreement for your Commercial Office Franchised Business to be open to the public. Factors that affect the length of time it takes you to open for business include: finding an acceptable site; lease negotiations; securing financing; securing zoning and other permits; compliance with local ordinances and restrictions; weather conditions; availability, delivery and installation of fixtures, signs and equipment; and completion of required training.

Computer Systems

If you operate an Agency, we require that you use a computer system (hardware and software) which meets our specifications. This system permits us to instantly receive information concerning insurance applications, contracts in force, premium receipts, premium payments and provides you detailed management and operational information. The computer system currently costs $3,000 to $6,000. (See Item 7) You must also maintain a functioning e-mail address so we can send you notices and otherwise communicate with you by this method. There is no limitation on our right to receive information through the system. You may obtain the computer system from any vendor designated or approved by us. At present, the computer system needs to contain at minimum:

Intel i3 processor or better
8 GB RAM or better
500 GB Hard Drive or better
Input-Wireless Mouse and/or Keyboard
22” LCD Flat Panel or bigger
Network Laser Multi-function Printer (Copy/Print/Scan/Fax)
Internet connection: 100mbps or better
Phone System: VoIP

We may revise our specifications from time to time. You are responsible for upgrading, maintaining and repairing the hardware components. There is no contractual limitation on the frequency and cost of this obligation.

If you operate an Agency, you will use our Agency Management Software at an annual cost of between $1,000 and $2,000 and other generally available software as specified in the Operations Manual. You will be responsible for implementing any upgrades as we direct. There is no limitation of the frequency or cost of these obligations.

Neither we nor any affiliate or third party, is obligated to provide on-going maintenance, repairs, upgrades or updates. Except as stated above, we currently do not require that you purchase a maintenance, repair, upgrade or update service contract, although we may do so in the future.

We will arrange for all of the required computer equipment as part of our function in developing your Commercial Office Location. (See "Location Selection", above in this Item.) You are responsible for paying for this equipment. (See Item 7.) If you are a Home-Based Franchised Business, you are responsible for obtaining and paying for the required computer equipment. Area Representatives may not operate out of their home.

Training Programs

Prior to the opening of the Franchised Business, a maximum of 2 management level persons, one of whom must be you (or if you are a business entity, an owner) must attend and complete to our satisfaction, the initial training program, at a location designated by us. If you will employ a manager, that person, who must be approved by us, must also attend the training program. Generally, the site of classroom training will be our corporate offices in Miami, Florida. On the job, hands on agency training will take place at a training facility of our choice. You are responsible for all travel, lodging, and subsistence expenses of those persons attending training. Training is to be completed no later than 1 week before the opening of the Franchised Business. The total time spent in training will depend to a large degree on your aptitude. Our training program includes introduction to insurance, agency management, customer service, sales, human resources, operations and "hands on" service to customers. Training is under the supervision of Analaura Morales (over 20 years' experience in hand-on training), with assistance from Alex Zajac (over 20 years' experience in accounting functions), both of whose biographies are set out in Item 2. The principal instructional material is the Operations Manual.

In addition, if you operate an Agency, you must obtain the required state insurance licenses prior to the completion of training. This may require that you attend educational courses separate from our training. If so, you must arrange for and pay the cost of all required state instructional programs.

We may require you and/or previously trained and experienced personnel to attend periodic refresher courses at locations designated by us. You will be responsible for all travel and living expenses that you and each person incur for any additional training program.

You have the right to request additional training and we will, at our sole discretion, provide additional training at times and places and for a duration as we deem necessary; provided, that you pay the cost of the additional training, including the cost of transportation, subsistence, lodging, and the current charge for the services of our representative(s), in advance.

Only persons trained by us, will have overall responsibility for the operation of the Franchised Business and you will send each person to be trained to us for training, unless the training is waived by us.

The initial training program for Area Representatives includes 40 hours of training as follows:

AREA REPRESENTATIVE TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION WHERE TRAINING HELD
Area Representatives Responsibilities	2	as needed	Miami
The Sales Process	8	as needed	Miami
Marketing and Head Generation	2	as needed	Miami
Real Estate	2	as needed	Miami
Operations/Reporting	2	as needed	Miami
Total Hours	16	24	

Area Representatives must also complete the initial training program for Agencies including a total of 320 hours of training as follows:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION WHERE TRAINING HELD
DAY 1 Introduction, Organization, Opening Requirements, Human Resources	8	None	Miami, Florida
DAY2 Management, Marketing, Customer Service	8	None	Miami, Florida
DAYS 3-9 Operations Introduction to Insurance, Auto Insurance, Finance Company, Insurance Agency, Your Computer, Insurance Co. Systems, Underwriting, Quotes, Applications, Claims, Suspense, Endorsements, Cancellations, Refunds, Credits, Daily Deposits, Managing Your Office, etc.	56	None	Miami, Florida
DAY 10 Basic General Accounting, Supervision, Financial, Status	8	None	Miami, Florida
DAYS 11-44 "Hands On" Operations (At Agency)	None	240	Miami, Florida
Total Hours	**80**	**240**	

ITEM 12. TERRITORY

You will receive a Granted Territory. The Granted Territory will vary in size depending upon the number of Franchised Businesses you must open or have open in the Granted Territory, as well as population density and demographics, and other factors. If you meet the minimum development schedule described on Exhibit 3 to the Area Representative Agreement, and comply with all other provisions described in the Area Representative Agreement, we will not establish or operate, or license others to establish or operate, an Estrella Insurance agency or substantially similar business in your Granted

Territory. You may only recruit prospective franchisees who will operate an Agency in the Granted Territory.

ITEM 13. TRADEMARKS

Under the Area Representative Agreement, you have the right and license to use the Trademarks owned by us, solely in connection with your Franchised Business. You may only use those Trademarks as are designated in writing for your use and you may use them only in the manner and as permitted by us. You may not directly or indirectly contest our rights in, the Trademarks.

Principal Trademarks

Under your Area Representative Agreement, we grant you the right to operate your Franchised Business under ***ESTRELLA INSURANCE*** or ***800-CARINSURANCE***. These are the principal trademarks used to identify your Franchised Business and are owned by us. The following summarize the pertinent information concerning our principal trademarks as they pertain to you.

If you operate an Agency and your Selected Trademark is ***ESTRELLA INSURANCE***, the following pertains to you:

ESTRELLA INSURANCE and its associated design registered on the Principal Register of the United States Patent and Trademark Office, on February 11, 1997, under Reg. No. 2,037,199 and assigned to us from Estrella on March 3, 2011. All required affidavits have been filed. We also have rights under a Florida trademark registration for the ***ESTRELLA INSURANCE*** logo in the color "green". The registration is T07000001236, as of September 10, 2007. There is not a Principal Register federal registration for this trademark. Therefore, it does not have as many legal benefits and rights as a Principal Register federally registered trademark. If our right to use the trademark is challenged, you may have to change to any alternative trademark, which may increase your expenses.

If you operate an Agency and your Selected Trademark is ***800-CARINSURANCE***, the following pertains to you:

We filed a federal application for registration for the mark ***800-CARINSURANCE*** on December 9, 2020, on the USPTO Principal Register. The application has been assigned Serial Number 90369661. While it is pending registration, that particular trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative mark, which may increase your expenses.

With respect to any similar trademarks or service marks that are not registered by others, they may be able to use those trademarks or service marks in areas where we are not operating or advertising under our Marks or which are not in the zone of natural expansion for ESTRELLA's insurance businesses. These users must act in good faith and without actual knowledge of our prior use of the Marks. However, if others establish rights to use the Marks, we may not be able to expand into certain areas using the Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administrator of any state or any court relating to the Trademarks. There is no pending infringement, opposition or cancellation proceeding. There is no pending material litigation involving the Trademarks. There are no agreements in effect that significantly limit our rights to use or license the use of the Trademarks identified above, in any manner material to the franchise.

The Area Representative Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Trademarks. If litigation involving the Trademarks is instituted or threatened against you, the Area Representative Agreement requires you to notify us promptly and cooperate fully with us in defending or settling the litigation.

We have the right to require you to modify or discontinue your use of any or all Trademarks or replace any or all Trademarks. You must comply with our requirements at solely own expense. If we exercise this right, we will provide advance notice to all franchisees.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect a franchisee's use of the Trademarks in any state.

You cannot use the ***ESTRELLA INSURANCE*** or ***800-CARINSURANCE*** names or the Trademarks as part of the name of a business entity or with modifying words, designs or symbols, except for those which we license to you. You will, however, operate your Agency under the name ***ESTRELLA INSURANCE*** or ***800-CARINSURANCE*** and comply with all state and local laws regarding fictitious or assumed names. You may not use the ***ESTRELLA INSURANCE*** or ***800-CARINSURANCE*** names in connection with the sale of unauthorized products or services or in a manner not authorized in writing by us.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.

There are no patents that are material to the franchise. Copyright protection is claimed for the Operations Manual and related materials, certain proprietary software, and advertisement and promotional materials, although these materials have not been registered with the United States Registrar of Copyrights. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Area Representative Agreement.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights.

You must operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Operations Manuals, one copy of which you will receive on loan from us for the term of the Area Representative Agreement.

You must treat the Operations Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, or otherwise make them available to any unauthorized person. The Operations Manual will remain our sole property and must be kept in a secure place at the Franchised Business.

We may revise the contents of the Operations Manual, and you must comply with each new or changed standard. You must ensure that the Operations Manual is kept current at all times. In the event of any disputes as to the contents of the Operations Manual, the terms of the master copy maintained by us at our home office will be controlling.

We will disclose to you certain confidential or proprietary information and trade secrets. Except as is necessary for the operation of the Franchised Business and as we approve, you may not, during the term or at any time after the expiration or termination of the Area Representative Agreement, regardless of the cause of the termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know how concerning the services, advertising, marketing, designs, plans, or methods of operation of the Franchised Business or the System. You may disclose to your employees only that confidential, proprietary or trade secret information as is necessary to operate the business. Any and all information, knowledge, or know how, including, materials, equipment, marketing, and other data, which we designate as secret or confidential will be deemed secret and confidential for purposes of the Area Representative Agreement.

At our request, you must require your manager, and all your employees, to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by you in the Franchised Business. The covenants must be in a form satisfactory to us, including, specific identification of us as a third-party beneficiary of the covenants, with the independent right to enforce them.

We also consider our trade dress (i.e., elements of the ***ESTRELLA INSURANCE*** and ***800-CAR INSURANCE*** methods and styles of doing business) inherently and uniquely distinctive and protectable under applicable Federal and State law.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

During the term of the Area Representative Agreement, you, must devote full time and best efforts exclusively to the operation of the Franchised Business. If you are a corporation, limited liability company or a partnership, you must select and maintain throughout the term of the Area Representative Agreement, an equity owner who is an individual, holding at least 10% of all the equity in the Franchisee, to devote his or her full time and best efforts to the Franchised Business. The Franchised Business must be operated during such minimum hours and days established by us from time to time.

If you are a corporation, limited liability company, partnership or other entity, all shareholders, members, partners, and other owners, and their spouses must personally guarantee the obligations under the Area Representative Agreement by executing the Guaranty and Assumption of Obligations, attached to the Area Representative Agreement as Exhibit "5". You, and all such owners and spouses, are and will be continuously personally bound by the confidentiality and non-competition provisions of the Area Representative Agreement. See Items 14 and 17 as to confidentiality of trade secrets, and covenants not to compete.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Franchised Business in strict conformity with the Area Representative Agreement and with all of the prescribed methods, procedures, policies, standards, and specifications, as set forth in the Operations Manual and in writing by us from time to time. You must use your place of business only for the operation of the Franchised Business and may not use it to operate any other business without our express prior written consent.

We require you to offer only those services and products that we have approved. You must offer all services and products that we designate.

We reserve the right to designate additional products and services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. We have the right to change the types of authorized products and services, and there are no limits on our right to make changes.

You must comply with all agreements of third parties that pertain to the Franchised Business, including, in particular, all provisions of any premises lease.

You must operate the Franchised Business in strict conformity with all applicable Federal, State, and local laws, ordinances, and regulations, including, specifically, those applicable to the insurance industry. Such laws, ordinances, and regulations vary from jurisdiction to jurisdiction and are amendable or may be implemented or interpreted in a different manner. It is your sole responsibility to apprise yourself of the existence and requirements of all laws, ordinances, and regulations applicable to the Franchised Business, and to adhere to them and to the then current implementation or interpretation of them.

The System may be supplemented, improved, and otherwise modified by us. You must comply with all of our reasonable requirements in that regard.

You are not restricted by the Area Representative Agreement, or any other practice or custom of ours concerning the customers whom you may solicit for insurance business and related approved services.

See Items 8, 9, 11, 12 and 15 for more information about your obligations and restrictions.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the area representative and related agreements. You should read these provisions in the agreements attached to this disclosure document.

The Franchise Relationship

PROVISION	SECTION IN THE AREA REPRESENTATIVE AGREEMENT	SUMMARY
a. Term of the Area Representative Rights	Section 3(a)	The term is 10 years.
b. Renewal or extension of the term	Section 3(b)	You have the right to renew for 2 successive terms of 10 years if you are not in default.
c. Requirements for you to renew or extend	Section 3(b)	Give written notice, sign then current form of Area Representative Agreement, and payment of new Development Fee.

PROVISION	SECTION IN THE AREA REPRESENTATIVE AGREEMENT	SUMMARY
d. Termination by you	Section 14(b)	If we breach and fail to cure within 60 days.
e. Termination by us without cause	None	Not Applicable
f. Termination by us with cause	Section 14(a)	We may terminate the Development Agreement only if you default.
g. "Cause" defined-defaults which can be cured	Sections 14(a)(v); 14(a)(viii); 14(a)(xii)	You can avoid termination by curing the following defaults within the time periods stated in the Area Representative Agreement: failure to comply with law or regulation; failure to perform or breach of agreement or Manual.
h. "Cause" defined-defaults which cannot be cured	Section 14(a)	We have the right to terminate the Area Representative Agreement without giving you an opportunity to cure if you: transfer of control of the Area Representative or an interest in the your business entity in an unauthorized manner; made a material misrepresentation or omission in the application for the franchise; are convicted of a crime that may adversely affect the Marks; misuse or make unauthorized use of the Marks or confidential information; terminate any franchise agreement with or without cause; fail to meet the timing requirements and deadlines contained in the development schedule; bankruptcy; appointment of a receiver; two or more notices of default within any 12-month period to cure the same or similar default; default of any other agreement with us; or failure to obtain, or have revoked any license or registration necessary to sell System franchises.
i. Your obligations on termination/non-renewal	Section 15	If the Area Representative Agreement is terminated or not renewed, you must: stop using any trade secrets and other confidential information; pay all sums owed to us; return all copies of the Representative Franchise Manual; provide us with a list of employees, clients, customers, franchise prospects and contacts and their respective contact information; transfer to us all phone numbers and email addresses used in the Area Representative Business; and comply with the covenants not to compete and any other surviving provisions of the Area Representative Agreement.

PROVISION	SECTION IN THE AREA REPRESENTATIVE AGREEMENT	SUMMARY
j. Assignment of contract by us	Section 11(a)	There are no restrictions on our right to assign our interest in the Area Representative Agreement.
k. "Transfer" by you-definition	Section 11(b)	"Transfer" includes transfer of ownership in the grant of rights, the Area Representative Agreement, or any entity under which you may operate the Area Representative Business.
l. Our approval of transfer by you	Section 11(b)	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.
m. Conditions for our approval of transfer	Section 11(c)	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release, in a form the same as or similar to the General Release attached to the Franchise Agreement; the prospective transferee meets our business and financial standards; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Area Representative Agreement; the transferee has obtained all necessary consents and approvals of third parties; and you or all of your equity owners have signed a non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement.
n. Our right of first refusal to acquire your Area Representative Rights	Section 12	We may match an offer for your rights under the Area Representative Agreement, or an ownership interest you propose to sell.
o. Our option to purchase your Area Representative Rights	None	Not Applicable
p. Your death or disability	Section 11(d)	Must transfer interest to an approved transferee within 9 months of death
q. Non-competition covenants during the term of the Area	Section 10(a)	Cannot engage in any capacity in a competing business.

PROVISION	SECTION IN THE AREA REPRESENTATIVE AGREEMENT	SUMMARY
Representative Agreement		
r. Non-competition covenants after the Area Representative Agreement is terminated or expires	Section 10(b)	Cannot compete for 2 years.
s. Modification of the agreement	Sections 19(o) and 20	The Area Representative Agreement can be modified only by written agreement between you and us.
t. Integration/merger clause	Sections 20	Only the terms of the Area Representative Agreement are binding. Any other promises may not be enforceable. Nothing in the Area Representative Agreement is intended to disclaim anything in the disclosure document.
u. Dispute resolution by arbitration or mediation	Section 19	Except for certain claims, all disputes must be arbitrated in Florida (subject to state law).
v. Choice of forum	Section 19(g)	Miami-Dade County, Florida, subject to state law.
w. Choice of law	Section 19(e)	Florida law applies (subject to state law); disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.)

Termination on Bankruptcy

Note:

A provision in your Area Representative Agreement which terminates the Franchise on your bankruptcy may not be enforceable under Title 11, United States Code Section 101 *et seq*.

ITEM 18. PUBLIC FIGURES

We reserve the right to use a public figure to promote the ***ESTRELLA INSURANCE*** and ***800-CARINSURANCE*** businesses, although we do not presently use a public figure for that purpose.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jose Merille at 1801 SW 3rd Avenue, Miami, Florida 33129, 305-443-2829, the Federal Trade Commission, and the appropriate state regulatory agencies.
’“”_

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Systemwide Outlet Summary
Table 1
Area Representative Business
For Years 2019 to 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of Year	Net Change
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	1	+1
Company-Owned	2019	0	2	+2
	2020	2	2	0
	2021	2	2	0
Total Outlets	2019	0	2	+2
	2020	2	2	0
	2021	2	3	+1

Table 2
Area Representative Business
Transfers of Outlets from
Area Representatives to New Owners (other than the Franchisor)
For Years 2019 to 2021

State	Year	Number of Transfers
Arizona	2019	0
	2020	0
	2021	0
Florida	2019	0
	2020	0
	2021	0

State	Year	Number of Transfers
California	2019	0
	2020	0
	2021	0
Total	2019	0
	2020	0
	2021	0

Table 3
Area Representative Business
Status of Area Representative Outlets
For Years 2019 to 2021

State	Year	Outlets at the Start of Year	Outlets Opened	Termination	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
AZ	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
CA	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
FL	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
OH	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
NY	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
Total	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1

Table 4
Status of Company-Owned Outlets
For years 2019 to 2021

State	Year	Outlets at the Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Closed Outlets	Outlets Sold to Franchisee	Outlets at End of the Year
AZ	2019	0	0	0	0	0	0

State	Year	Outlets at the Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Closed Outlets	Outlets Sold to Franchisee	Outlets at End of the Year
	2020	0	0	0	0	0	0
	2021	0					
CA	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
FL	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0					
TX	2019	0	2	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
NY	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
TOTAL	2019	0	2	0	0	0	2
	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2

Table 5
Area Representative Business
Projected Openings
As of December 31, 2021

State	Area Representative Agreements Signed But Outlet Not Opened	Projected New Area Representatives in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Arizona	0	0	0
California	0	0	0
Florida	0	1	0
Texas	0	0	0
New York	1	0	0
Total	1	1	0

Exhibit “E” lists the names of all operating Area Representatives and their addresses and telephone numbers as of December 31, 2021. Exhibit “F” lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every area representative who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under an Area Representative Agreement during the most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

Estrella Franchising Corp. created the Estrella Franchising National Advisory Council: 1801 SW 3rd Avenue, Miami, FL 33129 (305) 443-2829, franchise@estrellainsurance.com.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit "G" to this Franchise Disclosure Document are our audited financial statement as of December 31, 2021, December 31, 2020, and December 31, 2019, as well as interim unaudited statements as required by certain states.

ITEM 22. CONTRACTS

Attached an Exhibit is a copy of the following agreements relating to the offer of the franchise:

""""""""""""–Exhibit "C" – Area Representative Agreement, with Exhibits attached:

Exhibit "1" Franchise Agreement

Exhibit "2" Granted Territory

Exhibit "3" Development Schedule

Exhibit "4" Business Entity Information

Exhibit "5"Guaranty and Assumption of Obligations

ITEM 23. RECEIPTS

Two copies of an acknowledgment of your receipt of this Franchise Disclosure Document appear as the last pages to this Franchise Disclosure Document. Please return one copy to us and retain the other for your records.

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[8] See Item 5 for information about the initial franchise fee. In some cases, we may waive the obligation for Representative to open and operate at least one Agency. In that event, the Development Fee for a 10-unit territory will be $100,000, and you will not incur the expenses required to open an Agency.

[9] Real estate costs vary widely from place to place. You will need approximately 800 to 1,200 square feet of space for your location, to accommodate approximately 6 agent desks, a manager's office and a small customer waiting area.

If you lease space to conduct your Commercial Office Franchised Business, we estimate that the average rent per square foot should range from $15 to $40. Most landlords require a security deposit of at least one month's rent. Commercial rental rates vary from place to place and region to region. You may incur some build out expenses (see Note 3, below). You may also incur real estate broker fees, additional prepayments (e.g. last month's rent), common area maintenance (CAM) fees, operating expense pass throughs, or other costs, depending on the terms of your lease and the location of the leased space.

We are unable to estimate your costs for buying or leasing land and constructing a building, as these costs vary widely depending on location and the design and construction of the building.

[10] You may incur costs for the build out of your office space. If you lease the Location, you may be able to negotiate a construction allowance from the landlord which may cover a portion of the build out/leasehold improvement expenses. Area Representatives are not permitted to operate a Home-Based franchise.

[11] You will need at a minimum, 3 desks, chairs, decor items, fax machine, telephone system, and photocopier.

[12] We require you to use certain computer equipment to be connected with our central computer system and to use a certain type of personal computer and certain peripherals. (See Item 11.)
[13] Depending on the characteristics of the Commercial Office Location, your lease and local ordinances the specific type of exterior sign will vary. The typical configuration will be a maximum of 2, lighted exterior signs and an awning, where allowed.
[14] We require that certain specified insurance be carried by you, including general commercial liability insurance (including excess liability or umbrella coverage and contents), errors and omissions (professional liability) insurance automobile insurance and worker's compensation. The method and timing of payments is a matter to be resolved between you and your carrier. Because the selection of the carrier, value of the leasehold improvements, amount of wages and related conditions vary considerably, it is difficult to estimate the cost. Lack of appropriate insurance coverage constitutes ground for termination of the Area Representative Agreement.
[15] You pay for all costs and expenses associated with the mandatory training program. These costs include transportation, lodging, compensation of trainees and meals. Generally, these costs will vary as a function of the distance traveled, the lodgings selected, the restaurants used, the distance between the lodgings and the training site and the type of transportation selected. Airfare is excluded from the estimate. The estimate contemplates attendance of 2 management level persons traveling to our training facility in Miami, Florida and attending classroom training for 2 weeks. The balance of the training program, consisting of hands on agency training, will occur at a training facility of our choosing. The actual distance to that facility will affect your costs.
[16] Deposits may be required by the telephone, gas, water and electric companies, or others supplying services to your Commercial Office Franchised Business. The deposits may be refundable to you at a later time by the respective vendor. Your lease may require you to pay electric, gas, water and other utilities directly; however, some landlords cover some utility charges through CAM fees or operating expense pass throughs. (See Note 2, above.)

Local, municipal, county and state regulations vary on what licenses and permits are required. In most states, a city and/or county occupational license is required. Fees are paid to governmental agencies before commencing business and usually are not refundable. Fees may be based on square footage, or a flat amount. You should consult your lawyer or your local county and state authorities about the specific legal requirements for business licenses and related types of expenses in your local area.
[17] Includes certain logo items, e.g., wall clock, area rug, customer comment boxes and other miscellaneous items
[18] We recommend that you operate the franchise through a business entity. In this event, we require the personal guarantee of the principals and their spouses. Regardless of the form of ownership of the franchise, you may have to comply with the fictitious, assumed, or trade name statutes of the state in which the Franchised Business is located. The estimate varies from state to state depending on state law, the prevailing rate of attorneys' fees and the scope of legal services requested.
[19] Includes opening advertising, promotional activities, stationery and printing. Costs such as additional licenses and permits, professional fees for accountants and architects, and other items are also included in this estimate.
[20] This is an estimate only of the additional funds for the initial 3-month period of the Franchised Business. The actual amount of additional funds you will need depends on a variety of factors, including: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for insurance services; prevailing wage rate; and the sales level reached during that initial period.

The estimate of additional funds is based on an owner operated business and does not include any salaries or benefits for employees or any allowance for an owner's draw. The estimate is for the initial period of 3 months. In general, a franchisee may have to put additional cash into the business during at least the first 3 to 6 months, and sometimes longer, but we cannot estimate or promise when, or whether, any individual franchisee will achieve positive cash flow or profits. These estimates assume that we have not waived your obligation to operate at least one Agency.
[20] See Item 5 for information about the initial franchise fee. In some cases, we may waive the obligation for Representative to open and operate at least one Agency. In that event, the Development Fee for a 10-unit territory will be $100,000, and you will not incur the expenses required to open an Agency.

[20] Real estate costs vary widely from place to place. You will need approximately 800 to 1,200 square feet of space for your location, to accommodate approximately 6 agent desks, a manager's office and a small customer waiting area.

If you lease space to conduct your Commercial Office Franchised Business, we estimate that the average rent per square foot should range from $15 to $40. Most landlords require a security deposit of at least one month's rent. Commercial rental rates vary from place to place and region to region. You may incur some build out expenses (see Note 3, below). You may also incur real estate broker fees, additional prepayments (e.g. last month's rent), common area maintenance (CAM) fees, operating expense pass throughs, or other costs, depending on the terms of your lease and the location of the leased space.

We are unable to estimate your costs for buying or leasing land and constructing a building, as these costs vary widely depending on location and the design and construction of the building.

[20] You may incur costs for the build out of your office space. If you lease the Location, you may be able to negotiate a construction allowance from the landlord which may cover a portion of the build out/leasehold improvement expenses. Area Representatives are not permitted to operate a Home-Based franchise.

[20] You will need at a minimum, 3 desks, chairs, decor items, fax machine, telephone system, and photocopier.

[20] We require you to use certain computer equipment to be connected with our central computer system and to use a certain type of personal computer and certain peripherals. (See Item 11.)

[20] Depending on the characteristics of the Commercial Office Location, your lease and local ordinances the specific type of exterior sign will vary. The typical configuration will be a maximum of 2, lighted exterior signs and an awning, where allowed.

[20] We require that certain specified insurance be carried by you, including general commercial liability insurance (including excess liability or umbrella coverage and contents), errors and omissions (professional liability) insurance automobile insurance and worker's compensation. The method and timing of payments is a matter to be resolved between you and your carrier. Because the selection of the carrier, value of the leasehold improvements, amount of wages and related conditions vary considerably, it is difficult to estimate the cost. Lack of appropriate insurance coverage constitutes ground for termination of the Area Representative Agreement.

[20] You pay for all costs and expenses associated with the mandatory training program. These costs include transportation, lodging, compensation of trainees and meals. Generally, these costs will vary as a function of the distance traveled, the lodgings selected, the restaurants used, the distance between the lodgings and the training site and the type of transportation selected. Airfare is excluded from the estimate. The estimate contemplates attendance of 2 management level persons traveling to our training facility in Miami, Florida and attending classroom training for 2 weeks. The balance of the training program, consisting of hands on agency training, will occur at a training facility of our choosing. The actual distance to that facility will affect your costs.

[20] Deposits may be required by the telephone, gas, water and electric companies, or others supplying services to your Commercial Office Franchised Business. The deposits may be refundable to you at a later time by the respective vendor. Your lease may require you to pay electric, gas, water and other utilities directly; however, some landlords cover some utility charges through CAM fees or operating expense pass throughs. (See Note 2, above.)

Local, municipal, county and state regulations vary on what licenses and permits are required. In most states, a city and/or county occupational license is required. Fees are paid to governmental agencies before commencing business and usually are not refundable. Fees may be based on square footage, or a flat amount. You should consult your lawyer or your local county and state authorities about the specific legal requirements for business licenses and related types of expenses in your local area.

[20] Includes certain logo items, e.g., wall clock, area rug, customer comment boxes and other miscellaneous items

[20] We recommend that you operate the franchise through a business entity. In this event, we require the personal guarantee of the principals and their spouses. Regardless of the form of ownership of the franchise, you may have to comply with the fictitious, assumed, or trade name statutes of the state in which the Franchised Business is located. The estimate varies from state to state depending on state law, the prevailing rate of attorneys' fees and the scope of legal services requested.

[20] Includes opening advertising, promotional activities, stationery and printing. Costs such as additional licenses and permits, professional fees for accountants and architects, and other items are also included in this estimate.
[20] This is an estimate only of the additional funds for the initial 3-month period of the Franchised Business. The actual amount of additional funds you will need depends on a variety of factors, including: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for insurance services; prevailing wage rate; and the sales level reached during that initial period.

The estimate of additional funds is based on an owner operated business and does not include any salaries or benefits for employees or any allowance for an owner's draw. The estimate is for the initial period of 3 months. In general, a franchisee may have to put additional cash into the business during at least the first 3 to 6 months, and sometimes longer, but we cannot estimate or promise when, or whether, any individual franchisee will achieve positive cash flow or profits. These estimates assume that we have not waived your obligation to operate at least one Agency.

EXHIBIT "A"

STATE AGENCIES AND ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

CALIFORNIA California Department of Financial Protection and Innovation (DFPI) One Sansome Street, Suite 600 San Francisco, California 94104 866-275-2677	**NEW YORK** NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 Phone-(212) 416-8222 (Agent for Service of Process) Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 11231-0001 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce and Consumer Affairs, Business Registration Division, King Kalakaua Building 335 Merchant Street, Room 203 Honolulu, Hawaii 96813	
ILLINOIS Attorney General State of Illinois 500 South Second Street Springfield, Illinois 62706	**NORTH DAKOTA** Franchise Examiner Office of Securities Commission 600 East Boulevard, Fifth Floor Bismarck, North Dakota 58505
INDIANA Indiana Securities Commissioner 302 W. Washington Street, Room E-111 Indianapolis, Indiana 46204	**OREGON** Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310
Indiana Secretary of State 201 State House Indianapolis, Indiana 46204 (Agent for Service of Process)	**RHODE ISLAND** Chief Securities Examiner Division of Securities Section 233 Richmond Street, Suite 232 Providence, Rhode Island 02903
MARYLAND Franchise Examiner Office of the Attorney General, Securities Division 200 St. Paul Place, 20th Floor Baltimore, Maryland 21202-2020	**SOUTH DAKOTA** Franchise Administration Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
Maryland Securities Commissioner Division of Securities 200 St. Paul Place, 20th Floor Baltimore, Maryland 21202-2020 (Agent for Service of Process)	**VIRGINIA** Director, Division of Securities and Retail Franchising State Corporation Commission 1300 East Main Street, Ninth Floor Richmond, Virginia 23219
MICHIGAN Franchise Administrator Consumer Protection Division, Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, Michigan 48913 Department of the Attorney General Consumer Protection Division – Attn: Franchise 670 Law Building Lansing, Michigan 48913 (Agent for Service of Process)	**VIRGINIA (continued)** Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (Agent for Service of Process) **WASHINGTON** Franchise Registrations/Business Opportunities Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, Washington 98507

MINNESOTA Franchise Examiner Minnesota Department of Commerce Market Assurance Division 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 P – (651) 539-1600	**WISCONSIN** Franchise Administrator, Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, Wisconsin 53701
	FLORIDA **Nicolas Estrella** **1801 SW 3rd Avenue** **Miami, Florida 33129**

Exhibit "B"

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Exhibit "C"

Area Representative Agreement

ESTRELLA INSURANCE

AREA REPRESENTATIVE AGREEMENT

ESTRELLA INSURANCE
AREA REPRESENTATIVE AGREEMENT

TABLE OF CONTENTS

ESTRELLA INSURANCE
AREA REPRESENTATIVE AGREEMENT

This Area Representative Agreement ("Agreement") is made this _____ day of ____________, 20___, by and between Estrella Franchising Corp., a Florida corporation ("Franchisor"), and ____ ("Representative").

BACKGROUND

A. FRANCHISOR owns, has the right to use or has developed:

(i) the "ESTRELLA INSURANCE and 800-CARINSURANCE" names and such other related trademarks, trade names, service marks, logotypes, insignias, trade dress and designs as FRANCHISOR may expressly authorize from time to time (the "Trademarks") for use in connection with the development, operation and maintenance of an insurance agency and financial services business (the "Franchised Business" or "Agencies") utilizing the System pursuant to an agreement (the "Franchise Agreement"), which may be modified by Franchisor from time to time in its sole discretion. The current form of Franchise Agreement is attached hereto as Exhibit "1" and made a part hereof by reference;

(ii) FRANCHISOR'S trade secrets and procedures for the operation of the Franchised Business, including advertising, sales techniques, materials, signs, personnel management and control systems, bookkeeping and accounting methods, and in general, a style, system and method of business operation (the "System"); and

(iii) FRANCHISOR'S original model, requiring FRANCHISEE to operate from a fixed commercial space in the Territory ("Commercial Office") and FRANCHISOR'S home-based model, requiring Franchisee to operate from a fixed residential space, the FRANCHISEE'S home at an address that FRANCHISOR has approved ("Home-Based").

B. Franchisor desires to expand and develop the System and seeks area representatives who will procure and assist others to open and operate, Agencies conducting business under the Trademarks and System within the Granted Territory as defined herein, under Franchise Agreements with Franchisor ("Franchisees").

C. Representative desires to procure, qualify, train and assist Franchisee's to own and operate Agencies under Franchise Agreements with Franchisor, and Franchisor desires to grant to Representative the right to own and operate, and procure, qualify, train and assist Franchisees to own and operate, Agencies under Franchise Agreements with Franchisor, in accordance with the terms and upon the conditions contained in this Agreement.

1. GRANT OF RIGHTS

(a) Subject to all of the terms and conditions herein, Franchisor hereby grants to Representative the rights to operate or seek third parties to operate Agencies under the System (also referred to herein as "ESTRELLA Franchises" within the territory described on Exhibit "2" which is attached hereto and made a part hereof by reference (the "Granted Territory"). In consideration of the rights granted in this Agreement, Representative shall: (i) open in accordance with, and continue to operate on its own behalf pursuant to, a Franchise Agreement, at least one Agency throughout the Term for purposes of marketing Estrella franchises and training and servicing Franchisees in the Granted Territory; and (ii) solicit the sale of ESTRELLA franchises and refer prospective Franchisees to Franchisor who shall process all applications submitted by Representative and in its sole discretion determine the qualifications and suitability of each prospective Franchisee. If Franchisor determines that a prospective Franchisee possesses sufficient financial and managerial capability, and that a grant to such prospective Franchisee shall satisfy all other criteria for granting a franchise, as determined in Franchisor's sole discretion and as periodically updated, Franchisor shall offer to the prospective Franchisee a franchise for the operation of an Agency. The grant of the franchise shall be effected only upon and after the full execution of the then current Franchise Agreement by Franchisor and the prospective Franchisee, and the Franchisee's performance, including payment in full of all amounts due, upon such execution. Representative shall not execute Franchise Agreements, collect any monetary amounts, or make any representations regarding any Agency, contrary to those authorized by Franchisor. Franchisor's approval may be withheld in its sole discretion. In addition to its right and obligation to market ESTRELLA franchises within the Granted Territory, Representative shall be responsible for discharging Franchisor's obligations, when and as due to Franchisor's Franchisees, within the Granted Territory pursuant to each Franchise Agreement between Franchisor and such Franchisee. Subject to the provisions hereof and as long as Representative has complied with all its obligations under this Agreement, Franchisor agrees that it shall not, during the Initial Term (as hereinafter defined) of this Agreement or any renewals thereof, authorize any other party to act as Representative of the System within the Granted Territory. Representative acknowledges and agrees that Franchisor may at any time designate others as Representatives of the System with respect to any area other than the Granted Territory. The rights and obligations herein granted to Representative are sometimes referred to as the "Area Franchise", or "Area Representative Franchise". Notwithstanding the provisions of subsection 1.(a)(i) above, Franchisor reserves the right to waive the requirement that Representative own and operate at least one Agency.

(b) Representative acknowledges and agrees that the territorial rights granted hereunder are subject to (without limitation) Representative's timely compliance with the Development Schedule attached hereto as Exhibit "3". If Representative fails to meet the Development Schedule set forth in Exhibit "3", and fails to cure such noncompliance within 60 days after Franchisor's written notice thereof, or such failure has occurred more than two times in any period of two-consecutive years, Representative shall forfeit any further right to solicit the sale of Franchise Agreements in the Granted Territory, in which event Franchisor may license or grant to any third party the right to solicit the sale of and service additional ESTRELLA franchises within the Granted Territory. In such event, Representative shall forfeit its rights to receive any portion of the initial franchise fees provided by Section 5 of this Agreement with respect to any franchises which may thereafter be granted to operate within the Granted Territory. Representative shall continue, however, to service existing franchises as provided in Section 7(f)(iii) and to receive royalty fees therefor as and to the extent provided under this Agreement, including in Section 5(c) hereof.

3. TERM AND RENEWAL

(a) This Agreement shall take effect upon its execution by all parties hereto (the "Effective Date") and, unless previously terminated pursuant to Section 12 hereof, its term shall extend through the 10th annual anniversary of the Effective Date (the "Initial Term").

(b) Provided Representative is not in default under this Agreement or any other agreement with Franchisor or any of its affiliates and has complied with all the provisions of this Agreement during the Initial Term, Representative may, at its option, renew the Area Franchise upon the expiration of the Initial Term for successive terms of 2 ten (10) year terms each in accordance with Franchisor's then current terms and conditions for granting renewal, which may include execution of a new and modified agreement with a revised form of development schedule and such additional terms as Franchisor may require in its sole discretion, including payment of a new Development Fee. Representative may exercise its option to renew solely by giving Franchisor written notice of Representative's election to renew not less than six (6) months nor more than one (1) year prior to the expiration of the Initial Term or any additional term then in effect (the Initial Term and each such renewal term, if any, are referred to as the "Term").

4. ASSISTANCE PROVIDED BY FRANCHISOR

(a) Prior to Representative's commencement of business, Franchisor or its designee shall provide Representative with such of the following as will from time to time be made available to similarly situated Representatives of Franchisor:

(i) Information with respect to preliminary plans, layouts, and standards and specifications for all fixtures, furnishings, signs, equipment and leasehold improvements for use in developing Agencies;

(ii) Such information as Franchisor may have concerning possible sources of fixtures, furnishings, signs, equipment, leasehold improvements, and other products and services available in connection with the operation of the Agencies; and

(iii) Franchisor's site selection and site evaluation criteria.

(iv) Training and orientation in the sale of Estrella franchises, including without limitation, sales techniques and procedures and disclosure requirements; and

(v) One (1) copy of the Representative Franchise Manual and access to an electronic version if available, which may be amended by Franchisor from time to time.

(b) In addition to the foregoing, the following training requirements shall be applicable prior to Representative commencing activities under this Agreement:

(i) Franchisor shall furnish, and Representative (or if Representative is a business entity, an individual designated by Representative and approved by Franchisor who shall be designated as the "Principal Owner") shall attend, at Representative's sole cost and expense, an initial training program, to consist of the training program applicable to ESTRELLA Franchisees and such further training which may include topics such as marketing, franchise sales, site selection, store opening procedures and franchise law compliance, as Franchisor in its sole discretion deems advisable, furnished at such place and time as Franchisor may designate. Attendance shall also be required of all managers and salespersons, all at Representative's sole cost and expense.

Representative shall attend and successfully complete Franchisor's initial training program within forty-five (45) days after the date of execution of this Agreement.

Franchisor may require Representative (or the Principal Owner) to attend supplemental and refresher training programs during the Initial Term, to be furnished at such time and place as Franchisor may designate. Representative agrees to attend such supplemental and refresher training and other educational courses, at Representative's sole cost and expense.

(ii) Representative shall hire all of the Representative's employees, shall be exclusively responsible for the terms of their employment and compensation and shall implement a training program for employees to enable them to comply with Franchisor's requirements; provided that Representative shall not employ any person Franchisor has determined to be unfit to represent Franchisor in the marketing of ESTRELLA franchises or in furnishing services to franchises. Representative agrees to maintain at all times a staff of trained employees sufficient to enable Representative to fulfill Representative's responsibilities in the Granted Territory in compliance with Franchisor's standards. Franchisee shall not have the power to hire or fire Representative's employees.

(c) Representative shall maintain the standards of quality, and service, prescribed by Franchisor, thereby protecting and enhancing the public image and reputation of the System and the demand for the products and services provided thereunder, and to that end Franchisor, may in its sole discretion, provide Representative with the following:

(i) Sales support in connection with the marketing of Agencies. Franchisor reserves the right to assess a fee for additional assistance provided at Representative's request in connection with the marketing and sale of franchises;

(ii) Copies of disclosure documents that Representative shall use in connection with the sale of Agency franchises for purpose of complying with state or federal laws and regulations affecting the sale of franchises;

(iii) Periodic individual or group counseling in the operation and supervision of the Agencies, rendered in person, by seminar, or by newsletters or bulletins, as Franchisor may deem appropriate;

(iv) Advice and assistance concerning operating procedures, new techniques or operating methods, and management, marketing, promotion and advertising methods and programs, as Franchisor may deem appropriate; and

(v) Assistance as Franchisor may deem reasonably required, including advice and guidance with respect to new and improved methods of operation or business procedure developed by Franchisor, use of the Representative Franchise Manual, management materials, promotional materials, advertising formats and the Trademarks.

5. FEES

(a) In consideration of the execution of this Agreement, Representative agrees to pay Franchisor a development fee ("Development Fee") in the amount of: $___________________ at the time Representative executes this Agreement. The Development Fee shall be deemed fully earned and non-refundable upon Franchisor's execution of this Agreement. In the event Franchisor waives its requirement that Representative open and operate one Agency as described in Section 1.(a) above, Franchisor will reduce the Development Fee to $100,000 for a 10-unit territory.

(b) During the Term, Franchisor agrees to pay Representative fifty percent (50%) of the initial franchise fee which Franchisor collects for Agencies licensed to operate a physical office within the Granted Territory as long as Representative's territorial protection to solicit prospective franchisees in the Granted Territory, which this Agreement expressly grants, is in effect. Representative shall not solicit sales and shall not be entitled to receive the income or royalties from the sale of any Agency franchise which does not physically maintain an office which Franchisor authorized to operate in the Granted Territory.

(c) During the Term, Franchisor agrees to pay to Representative a recurring administration fee equal to fifty percent (50%) of the Royalties (as defined in the Franchise Agreement) actually paid to Franchisor during the preceding calendar month by all Franchisees who are or were licensed to operate Agencies with physical offices within the Granted Territory while Representative's rights to be the sole representative of Franchisor to solicit franchises in the Granted Territory were in effect, exclusive of advertising or other fees required to be paid by such Franchisees under their respective Franchise Agreements.

(d) During the Term, Franchisor agrees to pay to Representative fifty percent (50%) of the transfer fee (as defined in and required by the Franchise Agreement) paid to Franchisor while Representative's rights of exclusivity hereunder were in effect, by Franchisees under their respective Franchise Agreements.

(e) During the Term, Franchisor agrees to pay to Representative fifty percent (50%) of the renewal fee (as defined in the Franchise Agreement) actually paid to Franchisor by all Franchisees within the Granted Territory while Representative's rights of exclusivity hereunder were in effect.

(f) Unless otherwise provided, all fees and other amounts due to Representative hereunder shall be paid on or before the fifteenth (15^{th}) day of the calendar month following the calendar month to which they relate, accompanied by a statement stating the fees due to Representative for each Agency within the Granted Territory. Franchisor shall have the right to set-off from payments to Representative, any amounts owed to Franchisor by Representative under this Agreement or any other agreement. Representative will receive the same portion of the initial fees and administrative fees paid to or received by Franchisor for any Agency owned and operated by Representative or its affiliates.

(g) The payments to be made to Representative are based on amounts actually collected by Franchisor from Franchisees and are not based on accrued payments that are due or owing. Although Franchisees pay all fees directly to Franchisor, collections from delinquent Franchisees are and shall be a joint effort between Representative and Franchisor. Representative must use Representative's best efforts to ensure that all Franchisees in the Granted Territory are current in all payments to Franchisor.

(h) Notwithstanding any of the foregoing, if Representative has failed to conduct the inspections required in subsection 7(f)(iv) of this Agreement, with respect to one or more Agencies located in the Granted Territory, Representative will not be entitled to receive the administration fee specified in subsection 5(c) with respect to such Agencies until Representative has complied with the inspection requirements.

(i) Franchisor shall apply any payments received from Franchisees to any past due indebtedness of for Royalty, advertising contributions, purchases from Franchisor or its affiliates, interest or any other indebtedness owed to Franchisor or its affiliates. To the extent that such payments are applied to overdue Royalty payments, Representative shall be entitled to Representative's pro rata share of such payments, less Representatives pro rata share of the costs of collection paid to third parties.

(j) In the event of termination of a Franchise Agreement within the Granted Territory under circumstances entitling a Franchisee to the return of all or part of the initial franchise fee or Royalties (or in the event that Franchisor becomes legally obligated or decides in its sole discretion, to return part or all of the initial franchise fee or Royalties), Franchisor may deduct the portion of the amount to be returned in the same proportion as Representative shared in the initial franchise fee or Royalties or from any future amounts owed Representative.

(k) On or before the thirtieth (30th) day following each calendar quarter during the Initial Term hereof, Representative shall submit to Franchisor, financial statements for the preceding quarter, including a balance sheet and profit and loss statements, prepared in the form and manner by the Franchisor and in accordance with generally accepted accounting principles.

(l) Within sixty (60) days following the end of each calendar year, Representative shall submit to Franchisor an audited financial statement prepared in accordance with generally accepted accounting principles, and in such form and manner prescribed by Franchisor, which shall be certified by Representative to be accurate and complete.

6. LICENSED MARKS

(a) Franchisor represents that it owns the Trademarks. Franchisor expressly reserves the right at any time, as Franchisor in its sole discretion deems appropriate or as required by law, to change, alter or modify the Trademarks or substitute any other Trademarks for use in connection with the System. In such event, Representative agrees that only the Trademarks, as changed, altered or modified by Franchisor, shall be used by Representative to identify the Representative and/or the System.

(b) Representative agrees to notify Franchisor promptly in writing of any information which Representative has or learns of concerning possible or actual infringements of any Licensed Mark or other identifying characteristics of the System, as well as any suits brought, or claims made by others against Franchisor or Representative with respect thereto. Representative agrees to cooperate fully with Franchisor in the prosecution or defense of such suits or claims and Representative acknowledges that Franchisor shall have the sole right to control any litigation or administrative proceedings relating thereto.

Such cooperation by Representative shall include, without limitation, providing to Franchisor, without additional consideration, such evidence and expert assistance as Representative may have within Representative's control.

(c) Franchisor shall use its commercially reasonable efforts to protect and preserve the integrity and validity of the Trademarks, including the taking of actions deemed by Franchisor to be appropriate and reasonable in the event of any apparent infringement of any of the Trademarks. Decisions regarding the protection and defense of the Trademarks shall be solely and totally in Franchisor's discretion.

(d) Representative recognizes and acknowledges that Franchisor is the sole and exclusive owner of the Trademarks. Nothing contained in this Agreement shall be construed to vest in Representative any right, title or interest in any of the Trademarks used in connection with the System, or in the goodwill now or hereafter associated therewith, or any right in the design of any building or premises; Representative's sole right is the license granted under this Agreement to be used only in the manner specified herein, and only for the Term. Any and all goodwill associated with or identified by the Trademarks shall inure directly and exclusively to the benefit of Franchisor, including, without limitation, any goodwill resulting from Representative's operation.

(e) Representative hereby agrees not to claim any right, title or interest in the Trademarks; not to directly or indirectly deny, assail, or assist in denying or assailing the sole and exclusive ownership interest of Franchisor in the Trademarks; not to adopt or use the Trademarks as Representative's own property nor use any trademarks or trade names confusingly similar to the Trademarks; not to register or attempt to register the Trademarks in Representative's name or that of any other person and not to use the Trademarks, or any part thereof, as any part of any corporate, partnership or business entity name or any other business name. It is understood that these covenants shall survive the termination of this Agreement and shall be binding upon the heirs, successors, assigns and other transferees of Representative. Representative agrees, upon termination of this Agreement or termination of any subsequent agreement, to assign to Franchisor, without additional consideration, any rights that may have vested in Representative relating to, or deriving from, the Trademarks, notwithstanding the provisions of this Section, as a result of any activities of Representative pursuant to this Agreement.

(f) Representative agrees to use the Trademarks in connection with, and exclusively for, the exercise of the Representative's obligations as provided hereunder, and in accordance with the standards, terms and conditions set forth in this Agreement and in accordance with the instructions, rules and procedures prescribed in writing by Franchisor from time to time with respect thereto. Representative shall not use the Trademarks except as authorized in writing by Franchisor, and in no event shall Representative use the Trademarks in any manner which may or could adversely impact or jeopardize the image of Franchisor or the System. Representative agrees to conduct the Representative's business in such a manner as to reflect favorably on the goodwill and public image of the Trademarks and the System.

(g) Representative agrees, immediately upon the expiration or termination of this Agreement or of any subsequent agreement, to cease and forever abstain from using the Trademarks.

(h) Representative acknowledges that the rights granted by this Agreement do not convey or imply any right to use, display, or employ the Trademarks for any activity, business, or operation other than the business specified in this Agreement. Representative acknowledges that Representative has no right to sublicense the Trademarks or any part of the System. The license granted to Representative under this Agreement to use the Trademarks is non-exclusive, and Franchisor, in its sole and absolute discretion, has the right to grant other licenses in, to, and under the Trademarks in addition to those licenses already granted, and to develop and license other names and marks on any such terms and conditions as Franchisor may deem appropriate.

(i) Representative shall not use the Trademarks, or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name, and/or other identification of Representative or the Representative's business in any electronic medium. Representative must use, and only use, the email address and other identifiers Franchisor designates in connection with Representative's activities (and those of its employees). Representative agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Franchisor's written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Representative's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Representative will be solely responsible for compliance with any laws pertaining to sending e-mails including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

7. REPRESENTATIVE'S OBLIGATIONS

Franchisor shall establish and Franchisor and Representative shall maintain in the Granted Territory for all Franchisees operating under the System, standards of quality and operation. Representative acknowledges that is essential to the preservation of the integrity of the Trademarks and goodwill of Franchisor, that Representative maintain and adhere to the standards, procedures and policies hereinafter described, and as same may be altered or amended by Franchisor from time to time in Franchisor's sole discretion. For the purpose of enhancing the public image and reputation of the businesses operating under the System and for the purpose of increasing the demand for services and products provided by Franchisees and Franchisor, Franchisor and Representative agree as follows:

(a) Representative agrees to comply with all System rules, regulations, policies and standards, including those in the Representative Franchise Manual. Representative shall operate the business licensed under this Agreement solely in the manner and pursuant to the standards prescribed herein, or in written material provided by Franchisor to Representative.

(b) Representative shall have sole and direct responsibility for and be actively and personally involved in the day-to-day operation of Representative's business hereunder.

(c) Representative shall maintain in stock such minimum amounts of standard advertising and marketing materials as Franchisor may require from time to time, and shall use only business stationery, marketing materials, advertising materials, printed materials or forms which have been approved in advance in writing by Franchisor.

(d) Representative shall actively promote and solicit the sale of franchises and to that end, Representative shall, by procuring the sale of or by opening itself, sufficient Estrella franchises, to satisfy on a timely basis (**time being of the essence**) the Development Schedule attached hereto as Exhibit "3". In the event Representative fails to open or have open the number of Franchised Businesses in the Granted Territory as described on Exhibit 3, Representative shall pay to Franchisor liquidated damages in the amount of $2,000.00 per month for each Agency that should have been opened commencing with the second month after the date Representative fails to meet the Development Schedule. If Representative fails to make this payment or fail to satisfy the Development Schedule in any 2 consecutive Development Periods, Franchisor may terminate the Area Representative Agreement. Each month throughout the Term of this Agreement Representative must maintain a local advertising program meeting Franchisor's minimum criteria (which will be described in the Representative Franchise Manual or other written materials). In addition, if Representative fails to meet one or more of the deadlines set forth in Exhibit 3 to this Agreement, Franchisor may, at its option, require Representative to spend up to $2,000 per month on local marketing efforts in the Granted Territory. If minimum spending requirements are implemented by Franchisor under this Agreement, Representative must provide Franchisor with monthly receipts or other written evidence acceptable to Franchisor showing the amounts spent by Representative on local advertising.

(e) Representative shall comply with Franchisor's policies, standards and guidelines as set forth from time to time in the Representative Franchise Manual. Representative shall provide such assistance and information as Franchisor may request in order to adequately disclose the relationship of Representative and Franchisor in accordance with all disclosure laws and regulations relating to the sale of Franchise Agreements and shall obtain all licenses and/or registrations necessary to solicit the sale of Franchised Businesses. Representative agrees to maintain and provide to Franchisor accurate written records of any and all contacts or dealings with prospective Franchisees as may be required in the Representative Franchise Manual and by the terms of any state or federal law or regulation affecting franchise sales or the franchise relationship in order that Representative may validly solicit and Franchisor validly sell Franchise Agreements in the Granted Territory to potential prospects of the System, and as Franchisor may otherwise request.

(e) Representative shall, in such form and manner as may be specified by Franchisor, notify the public that Representative is operating as an authorized representative of Franchisor and shall identify its business location in the manner specified by Franchisor.

(f) Representative shall act as Franchise's representative in the Granted Territory in discharging one or more of Franchisor's obligations to Franchisees pursuant to the Franchise Agreements, including, without limitation, to provide initial and continuing training, supervision, advice and guidance with respect to operations, business procedures and compliance with any regulation, requirement, standard or policy of the System, as may be required from time to time in the then current form of Franchise Agreement applicable to any Franchisee. Representative shall promptly respond to inquiries or complaints of Franchisees within the Granted Territory and provide to all Franchisees within the Granted Territory any supervisory and management assistance, training and support deemed reasonably necessary by Franchisor in order to assist Franchisees within the Granted Territory in complying with any rule, regulation, requirement or policy of Franchisor including, without limitation, the following:

(i) Representative shall be responsible for the initial training of each Franchisee within the Granted Territory as required by the terms of the Franchise Agreement, to assure that each Franchisee has completed the initial training prior to commencement of operation of such Franchisee's Agency. Representative shall also monitor, promote and be responsible for the continuing training of all Franchisees in the Granted Territory which may be required by Franchisor pursuant to the terms of the Franchise Agreements. In addition, Representative agrees to make available to Franchisees in the Granted Territory such training and continuing education and support in the operation of ESTRELLA Agencies as Franchisor may require from time to time. Unless otherwise permitted by Franchisor, all such training shall be conducted by Representative at an ESTRELLA Agency owned and operated by Representative within the Granted Territory, as required by Section 2(b).

(ii) Representative shall supervise and assist Franchisees in connection with evaluating and selecting sites and the Representative of each Agency in the Granted Territory, to assure that each Agency conforms to Franchisor's then current specifications. Each proposed location shall be subject to Franchisor's written approval, which Franchisor shall not unreasonably withhold. In approving or disapproving any proposed location, Franchisor shall have the right to consider any factors that Franchisor deems material, including, without limitation: demographic characteristics of the proposed location; traffic patterns; parking; accessibility; the predominant character of the neighborhood; the proximity to other businesses and to other ESTRELLA agencies; purchase price; lease terms for the proposed location; the size and appearance of the premises; and other physical and commercial characteristics. Prior to the opening of each such Agency, Representative shall assist the Franchisee in the marketing, promotion, advertising and grand opening in the manner prescribed by Franchisor;

(iii) Before Franchisor shall be obligated to deliver a Franchise Agreement for any location, Representative shall furnish Franchisor such information about the proposed Franchisee, such as pro forma financial statements and investment and financing plans, that Franchisor requests. Franchisor shall have the right to refuse to grant a franchise for a proposed Franchisee for any reason.

Franchisor shall deliver to Representative written notice of approval or disapproval of each proposed location and Franchisee within thirty (30) days after Franchisor receives all requested information.

(iv) Representative shall inspect each Agency within the Granted Territory not less than once every month and report the results of such inspections on forms provided by Franchisor (which may detail each Franchisee's compliance with System rules, regulations and policies);

(v) Representative shall assure that all Franchisees within the Granted Territory provide all of those products and services as Franchisor may, from time to time, require and only those which Franchisor may approve and not thereafter disapprove as meeting its quality standards and specifications and which are in conformity with the Confidential Operating Manual applicable to each Franchisee's Franchise Agreement;

(vi) Representative shall market, promote and monitor the System within the Granted Territory and shall attend, at its own expense, at a location(s) to be designated by Franchisor, such periodic meetings as Franchisor may require;

(vii) Representative shall monitor and cooperate in the enforcement by Franchisor of all Franchise Agreement obligations for Franchisees located in the Granted Territory;

(viii) Franchisor may designate Representative as Franchisor's designee in the formation of Area Franchisee Councils in the Granted Territory should Franchisor, in its sole discretion, determine to establish same, and, in such event, shall actively participate in the affairs of such Councils. At Franchisor's request, Representative shall be responsible for planning, organizing, conducting and chairing meetings of Area Franchisee Councils within the Granted Territory. Representative shall bear all expenses incurred in connection with such regional meetings; provided that the Franchisees shall bear their own expenses in connection with the sending of persons to such meetings. Representative shall keep Franchisor advised of all activities of the Councils.

(g) In order to assist Representative in promoting the System, Franchisor may, from time to time, prepare and make available to Franchisees within the Granted Territory, directly or through Representative, advertising, marketing or promotional materials relating to the sale and operation of System franchises. Representative shall use its best efforts to promote and encourage the display of such materials by all Franchisees within the Granted Territory.

(h) Representative shall use only advertising and promotional materials and programs for the sale of ESTRELLA franchises that are provided by Franchisor or approved in advance, in writing, by Franchisor, and registered with appropriate regulatory agencies, where required. Representative agrees to cooperate with and assist Franchisor in the implementation of such advertising programs as Franchisor may, in its sole discretion, from time to time deem necessary or desirable. Franchisor's approval of any advertising or promotional materials or programs may be withdrawn at any time, and Representative shall immediately thereafter cease the use and/or display of any materials or programs for which approval has been withdrawn, and will, at its own expense cause the cessation of use and removal of any such items or programs from the Agencies in the Granted Territory.

(i) All advertising by Franchisee in any medium shall be conducted in a dignified manner, shall conform to the standards and requirements prescribed by Franchisor, and shall comply with all applicable laws, rules, and regulations relating to the advertising of franchises.

(j) Franchisee shall submit to Franchisor (by mail, return receipt requested, by fax, email, or by another approved method) for Franchisor's prior written approval samples of all advertising and promotional plans and materials, and all other materials displaying the Trademarks, that Franchisee desires to use and that have not been prepared or previously approved by Franchisor. Within fifteen (15) days from the date of receipt by Franchisor of such materials, Franchisor shall notify Franchisee as to whether such materials conform to Franchisor's standards and requirements and whether such materials, are required to be approved by or submitted to any government agency. If Franchisee is notified that the materials conform to Franchisor's standards and requirements and are required to be approved or submitted, Franchisor will submit the materials and will advise when and if the materials are approved or disapproved or if the use of the materials otherwise become permissible under law.

(k) In the event that the closing of the sale of a Franchise Agreement occurs at a location other than Franchisor's principal office and it is necessary for Franchisor's personnel to attend such closing, Representative shall pay all costs incurred by Franchisor's personnel in attending such closing. Representative shall have the same obligation if it is necessary for Franchisor's personnel to travel to assist Representative in connection with any aspect of the sale pre-closing.

(l) Promptly provide Franchisor (or its counsel) with such information and materials as Franchisor may reasonably request in order to enable Franchisor to comply with laws regulating the offer and sale of franchises and/or the franchise relationship.

(m) At Franchisor's request, Representative shall provide Franchisor with reasonable assistance in the collection of delinquent amounts from Franchisees.

(n) In order to ensure compliance with this Agreement, Representative agrees that Franchisor and its designated agents shall be permitted full and complete access during business hours to inspect Representative's place of business and all records thereof. Representative shall cooperate fully with Franchisor and its designated agents requesting such access.

(o) Representative must notify Franchisor in writing within five (5) days of Representative's receipt of notice of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award or decree, by any court, agency or other governmental instrumentality which may adversely affect Representative's operations or financial condition, the Representative's business or any Franchisee or Agency in the Granted Territory.

(p) Representative shall promptly pay when due any and all federal, state and local taxes including, without limitation, unemployment and sales taxes, levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Representative in the operation of Representative's business hereunder.

(q) Representative shall comply with all federal, state and local laws, rules and regulations and timely obtain any and all permits, certificates and licenses for the full and proper conduct of Representative's business licensed hereunder.

(r) Representative hereby expressly covenants and agrees to accept full responsibility for any and all debts and obligations incurred in the operation of Representative's business licensed hereunder.

(s) If any Agency in the Granted Territory receives more than three (3) customer complaints during any consecutive 12-month period, Representative must promptly notify Franchisor in writing of the number and nature of the complaints and Representative must review such Agency's practices and procedures for resolving customer complaints to make sure such practices and procedures comply with Franchisor's Manuals, and if such complaints are not promptly resolved to Franchisor's satisfaction, Representative must take reasonable action to address and remedy such complaints after advising Franchisor of the proposed remedial actions.

8. DISCLOSURE AND REGISTRATION

(a) If Representative's activities require the preparation, amendment, registration or filing of any disclosure or other documents under applicable franchise, business opportunity or related laws, then Representative must not solicit prospective Franchisees until Franchisor has: (i) registered the franchise program in the applicable jurisdictions; (ii) provided Representative with the documents necessary for Representative to solicit prospective Franchisees; and (iii) notified Representative that the registration is in effect. Representative must stop soliciting prospective Franchisees immediately at any time that Franchisor notifies Representative that the registration of the franchise program is not then in effect or the disclosure documents are not in compliance with applicable law. Franchisor will prepare franchise disclosure documents and file any materials to be registered with any state regulatory agency. Franchisor will bear the costs of the preparation of the documents, as well as that of registration and filing.

(b) In connection with Franchisor's disclosure and registration obligations, Representative shall:

(i) Provide Franchisor all information reasonably required by Franchisor to prepare all requisite franchise disclosure documents and ancillary documents for the offering of franchises in the Granted Territory;

(ii) Sign and return to Franchisor all documents reasonably required by Franchisor, or Franchisor's designee, for the purpose of registering the offer of franchises throughout the Granted Territory; and

(iii) Review all materials Franchisor prepares with regard to Representative. Franchisor is not liable for any errors or omissions which may occur in the preparation of such materials.

(c) Representative will register as a franchise broker, real estate broker, business broker or otherwise in any jurisdiction in which Representative is required to do so and maintain such registrations or licenses at Representative's sole cost and expense. Representative will not solicit prospective Franchisees until: (i) such registration is effective; and (ii) Representative has provided Franchisor documentary proof of the effectiveness of that registration.

(d) Representative must comply with all applicable federal and state laws, rules and regulations governing the offering of franchises in the Granted Territory. In this connection, Representative must:

(i) Furnish to prospective Franchisees only the then-current form of franchise disclosure document Franchisor has authorized for use within the Granted Territory, along with such promotional material that Franchisor has previously approved;

(ii) Comply with all requirements for delivery of disclosure documents and obtaining and delivering to Franchisor the original, signed acknowledgment of receipt for each franchise disclosure document Representative delivers to any prospective Franchisee;

(iii) Make no representations or other statements that conflict with any of the information contained in the franchise disclosure document delivered to the prospective Franchisee and within Franchisor's then-current Franchise Agreement;

(iv) Make no earnings claims, or projections, or provide any information with regard to sales, revenues, income, costs or expenses relating to an ESTRELLA Agency unless in accordance with the provisions of the franchise disclosure document to be provided to prospective Franchisees;

(v) Promptly notify Franchisor of any material information or event which comes to Representative's attention that may require disclosure in the franchise disclosure document; and

(vi) Use, display, publish and distribute for purposes of soliciting prospective Franchisees, only advertising, marketing and promotional materials that Franchisor has previously approved as acceptable for use in the Granted Territory.

(e) When providing information to prospective Franchisees and assisting in the closing of any sale of a franchise, Representative must only provide Franchisor's then-current form of Franchise Agreement and any ancillary agreements that Franchisor approved for use within the Granted Territory. Representative has no authority to make any changes, additions or deletions of any kind to such documents. Franchise Agreements and any ancillary agreements are not binding on Franchisor until they have been signed by one of Franchisor's duly authorized officers.

9. REPRESENTATIVE FRANCHISE MANUAL

(a) In order to protect the reputation and goodwill of the System and to maintain high standards of operation under the Trademarks, Representative shall conduct its business in accordance with various written instructions, directives, policies and procedures (the "Representative Franchise Manual"), including any amendments issued by Franchisor from time to time, all of which Representative acknowledges are the property of Franchisor and are loaned to Representative for the duration of this Agreement. Franchisor may make the Representative Franchise Manual available in electronic form and in such event, Franchisor shall provide access thereto to Representative. When any provision in this Agreement requires that Representative comply with any standard, specification or requirement of Franchisor, unless otherwise indicated, such standard, specification or requirement shall be such as is set forth in this Agreement or as may, from time to time, be set forth by Franchisor in the Representative Franchise Manual.

(b) Representative shall at all times us its best efforts to keep the Representative Franchise Manual and any other materials, and information created or used by Franchisor and designated for confidential use within the System and the information contained therein as confidential and shall limit access to employees of Representative on a "need to know" basis. Representative acknowledges that the unauthorized use or disclosure of Franchisor's confidential information or trade secrets may constitute a violation of state and/or federal laws and will cause irreparable injury to Franchisor and that damages are not an adequate remedy. Representative accordingly covenants that it shall not at any time, without Franchisor's prior written consent, disclose, use, permit the use thereof (except as may be required by applicable law or as authorized by this Agreement), copy, duplicate, record, transmit or otherwise reproduce such information, by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source. Any and all information, knowledge and know-how not generally known about the System and Franchisor's products, services, standards, procedures, techniques and such other information or material as Franchisor may designate as confidential shall be deemed confidential for purposes of this Agreement.

(c) Representative understands and acknowledges that Franchisor may, from time to time, revise the Representative Franchise Manual to implement new or different requirements for the operation of the Representative's business and that of Franchisees operating under the System. Representative expressly agrees to comply with all such changed requirements, provided that such requirements shall be applied in a reasonably nondiscriminatory manner throughout the System. The implementation of such requirements by Representatives and Franchisees may require the expenditure of reasonable sums of money by Representatives or Franchisees.

(d) Representative understands and acknowledges that Franchisor may from time to time, in an effort to further develop the System, implement new ideas, methods or strategies in ESTRELLA Agencies, which may be located in territories other than the Granted Territory, for the purpose of evaluation or otherwise, and that such implementation shall not be deemed discriminatory.

(e) Representative shall at all times insure that its copy of the Representative Franchise Manual is kept current and up to date and, in the event of any dispute as to the contents thereof, the terms and dates of the master copy thereof maintained by Franchisor at its principal place of business shall be controlling.

10. COVENANTS

(a) During the Initial Term, Representative, and if Representative is a business entity, its owner(s) and any guarantor(s) covenant, individually:

(i) To use full time and best efforts in recommending and promoting the sale of ESTRELLA Insurance franchises, in operating any Agency owned by Representative as a Franchisee and in promoting the System, products and services;

(ii) Not to engage in any capacity in any business whose principal products and services are the same or similar to those of the System except that contemplated by this Agreement and such Franchise Agreement(s) as Representative may have executed;

(iii) To comply with all laws and regulations affecting the offer or sale of franchises and persons engaged in the sale of ESTRELLA Franchises as franchise sellers and/or brokers;

(iv) Not to make any representations, earnings claims, or financial performance representations not authorized by Franchisor;

(v) Not to accept any funds from any Agency Franchisee;

(vi) To conduct sales solicitation activities strictly in accordance with standards established by Franchisor;

(vii) Not to sell any other franchises or business opportunities; and

(viii) Not to employ or seek to employ any person(s) who are at the time employed by Franchisor or directly or indirectly induce any such person(s) to leave their employment with Franchisor.

(b) In the event this Agreement is terminated, expires or is not renewed, or if Representative assigns or transfers its interest herein to any person or business organization except pursuant to Section 11 hereof, Representative, its owner(s) and guarantor(s) covenant, individually, for a period of two (2) years after such expiration or termination:

(i) Not to engage in any capacity in any business offering insurance franchises within the Granted Territory; and

(ii) Not to operate any insurance business in the Granted Territory which offers products and services featured at ESTRELLA Agencies, other than pursuant to any ESTRELLA Franchise Agreement to which Representative, such owners or guarantor is a party.

(c) During the Initial Term and thereafter, Representative covenants not to communicate or transmit directly or indirectly, divulge to or use for its benefit or the benefit of any other person or legal entity, any trade secrets which are proprietary to Franchisor or any information, knowledge or know-how deemed confidential under Section 9 hereof, except as permitted by Franchisor. The protection granted hereunder shall be in addition to and not in lieu of all other protections for such trade secrets and confidential information as may otherwise be afforded at law or equity.

(d) To the extent permitted by law, Representative agrees to execute agreements with all employees and independent contractors of Representative which shall prohibit competition with the System by such parties during their employment or contractual relationship with Representative and for a period of one (1) year thereafter within the Granted Territory. Representative shall be responsible for ensuring the enforceability of such agreements in conformity with laws of the respective jurisdiction(s) in the Granted Territory; provided that any deviation from the terms enumerated herein to insure such enforceability shall be subject to the prior written approval of Franchisor.

(e) The parties agree that each of the foregoing covenants shall be construed as independent of any other covenants or provision of this Agreement. Franchisor may unilaterally, at any time, in its sole discretion, revise any of the covenants in this Section 10 so as to reduce the obligations of Representative thereunder. Should any part of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all thereof, Representative and Franchisor agree that the same shall be enforced to the fullest extent permissible under the law. Representative further expressly agrees that the existence of any claim it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 10.

(f) Representative and its Owners (as defined below) agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Representative and its Owners certify, represent, and warrant that none of their respective property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither Representative nor any of its Owners are otherwise in violation of any of the Anti-Terrorism Laws.

(i) For the purposes of this Section, the following terms have the following meanings:

(a) "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States ("Executive Order 13224"), the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement and/or their actions) addressing or in any way relating to terrorist acts and/or acts of war.

(b) "Owner" means any person, partner, member, or shareholder who owns any direct or indirect interest in Representative.

(ii) Representative and its Owners certify that none of them, their respective employees, or anyone associated with any of them is listed in the Annex to Executive Order 13224 (the "Annex"), which is available at: http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html. Representative agrees not to knowingly hire any individual who is listed in the Annex (or, if he or she is already employed, retain the employment of that individual). Representative also agrees not to knowingly: (a) establish a new relationship with a person as an employee, Owner, banker, or otherwise who is listed in the Annex (whether or not Franchisor has consented to a Transfer involving such new Owner); and (b) maintain a business relationship (whether with an employee, an Owner, banker, or otherwise) with a person who is added to the Annex.

(iii) Representative certifies that it has no knowledge or information that, if generally known, would result in Representative and/or its Owners, its employees, or anyone else associated with Representative to be listed in the Annex to Executive Order 13224.

(iv) Representative understands that it is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Representative specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement also apply to Representative's obligations under this Section.

(v) Any misrepresentation by Representative under this Section or any violation of the Anti-Terrorism Laws by Representative, its Owners, its employees, and/or their respective affiliates shall constitute grounds for immediate termination of this Agreement and any other agreement Representative has entered into with Franchisor.

11. TRANSFER AND ASSIGNMENT

(a) Franchisor shall have the right to assign this Agreement, or any of its rights and privileges hereunder to any other person, firm or corporation including a competitor of Franchisor, without Representative's prior consent, and Franchisor shall not be liable for any obligations accruing hereunder after the effective date of such assignment; provided the assignee shall expressly assume and agree to perform Franchisor's obligations under this Agreement.

(b) This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Representative and Representative's owners, if Representative is a Business Entity (as defined in Section 13) Therefore, neither Representative's interest in this Agreement nor any of Representative's rights or privileges nor any interest in the business operated pursuant thereto, shall be assigned, transferred, shared or divided, voluntarily or involuntarily, by operation of law or otherwise, directly or indirectly, in any manner, without the prior written consent of Franchisor, which shall not be unreasonably withheld and subject to Franchisor's right of first refusal as provided for in Section 12. Notwithstanding anything herein to the contrary, in the event of the death or legal incapacity of Representative or, in the case of a Representative that is a Business Entity, an owner of twenty percent (20%) or more of the ownership interest, the transfer of Representative's interest in this Agreement or such Owner's interest, to his or her heirs, personal representatives or conservators, as applicable, shall require Franchisor's written consent, but shall not give rise to Franchisor's right of first refusal hereunder as set forth in Section 12, although such right of first refusal shall apply as to any proposed transfer or assignment by such persons.

(c) Should Franchisor not elect to exercise its right of first refusal, or should such right of first refusal be inapplicable, as herein provided, Franchisor may impose any reasonable condition(s) to the granting of its consent. Without limiting the generality of the foregoing, the imposition of any or all of the following conditions to Franchisor’s consent to any such assignment shall be deemed reasonable:

(i) that the assignee (or the principal officers, shareholders, directors, partners, members or managers of the assignee in the case of a Business Entity assignee) demonstrate the skills, qualifications and economic resources necessary, in Franchisor's judgment, reasonably exercised, to own and operate the Agency;

(ii) that Representative submit current, accurate financial statements, including a balance sheet and income statement (where relevant under the circumstances), relating to the financial condition of the proposed assignee, prepared in accordance with generally acceptable accounting, principals (and by a Certified Public Accountant if certified financial statements are available), together with any other documents that are required to enable Franchisor to determine the character, credit worthiness, business experience, professional credentials, ethical background, fitness and suitability of the proposed assignee;

(iii) that the proposed assignee must meet Franchisor's standards for prospective

Representatives;

(iv) that Representative must furnish Franchisor with copies of all proposed sale and/or transfer documents before such documents are executed, and Franchisor determines that the price and terms of payment will not adversely affect the proposed assignee's ability to operate the Agency;

(v) that if assignee finances any part of the sale price of the transferred interest, Representative must agree that all of the assignee's obligations under any promissory notes, agreements or security interests that Representative has reserved, are subordinate to the assignee's obligation to pay all financial obligations to Franchisor as set forth in the area representative agreement to be executed by assignee;

(vi) that Representative sign a general release in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's shareholders, officers, directors, employees, and agents;

(vii) that the assignee shall have completed, at assignee's cost and expense, Franchisor's training program to Franchisor's satisfaction, exercised in good faith;

(viii) that as of the date of any such assignment, the Representative shall have complied with all material obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

(ix) that the assignee enters into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Representative's obligations under this Agreement;

(x) that unless Franchisor agrees otherwise in writing, the assignee shall execute Franchisor's area Representative agreement then being offered to prospective Representatives (except that the assignee shall not be obligated to pay the Area Representative Fee and Term shall expire on the stated expiration date of this Agreement);

(xi) that Representative shall have expressly agreed in writing to comply with the non-competition covenants set forth in Article 10 hereof and with all other post-termination obligations contained herein;

(xii) that a transfer fee in the amount of Fifteen Thousand Dollars ($15,000) has been paid to Franchisor;

(xiii) The transferee shall acquire or establish at least one Agency in the Granted Territory for the purpose of marketing franchises and servicing Franchisees. Transferee may be required to make such alteration or modifications to such Agency as Franchisor, in its sole discretion, may reasonably require, in order to assure that such Agency adequately represents the System. Any such Agency(s) shall be operated pursuant to Franchisor’s current form of Franchise Agreement.

(d) If Representative is a Business Entity, the death or legal incapacity of any owner owning twenty percent (20%) or more of the ownership interests of Representative, the issuance of any securities by Representative, the transfer of twenty percent (20%) or more in the aggregate of the ownership interests in Representative, by operation of law or otherwise, or any merger, share redemption, consolidation, reorganization or recapitalization involving Representative, shall be deemed to be an assignment of this Agreement within the meaning of this Section 10. If Representative is a partnership, the legal incapacity, death or withdrawal of any general partner, admission of any additional general partner, or the transfer of any general partner's interest in the property, management or profits and/or losses of the partnership shall be deemed to be an assignment hereunder.

(e) Upon the death or mental incompetency (as reasonably determined by an independent third party such as a licensed doctor) of any person with any direct or indirect interest in Representative, the executor, administrator, or personal representative of such person shall transfer his interest to a third party approved by Franchisor within nine (9) months after the death or incompetency. Such transfers shall be subject to the same conditions as any *inter vivos* transfer. If the heirs or beneficiaries of any such person are unable to meet the conditions in Section 10(c) hereof, Franchisor may terminate this Agreement.

(f) Representative acknowledges that any attempt by Representative to transfer in any fashion any rights or interests under this Agreement, without the prior written consent of Franchisor, shall constitute a material breach of this Agreement and Franchisor shall have the right to terminate this Agreement upon written notice to the Representative.

(g) Securities or partnership interests (hereinafter "securities") in Representative may be offered to the public, by public or private offering or otherwise, only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All materials required for such offering by federal or state law shall be submitted to Franchisor for review prior to their being filed with any government agency, or if they are to be used in any exempt offering, shall be submitted to Franchisor for review prior to their use. No offering by Representative shall imply (by use of the Trademarks, or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of the Representative's securities. Representative must fully indemnify Franchisor in connection with the offering and must require other participants in the offering to also indemnify fully Franchisor. For each proposed offering, Representative shall pay to Franchisor a non-refundable minimum fee of Five Thousand Dollars ($5,000) or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including, without limitation, legal and accounting fees. Representative shall give Franchisor at least sixty (60) days written notice prior to the effective date of any offering or other transaction covered herein.

(h) Franchisor’s consent to a transfer of any interest in Representative shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor’s right to demand exact compliance with any of the terms of this Agreement by the transferee.

12. RIGHT OF FIRST REFUSAL

Except as expressly provided in Section 10, to the contrary, any assignment of this Agreement, or any interest herein, shall be subject to Franchisor's right of first refusal with respect thereto. Franchisor's said right of first refusal shall be exercised in the following manner:

(a) Representative shall serve upon Franchisor a written notice, clearly and unambiguously setting forth all of the terms and conditions of the proposed assignment and all available information concerning the proposed assignee, including but not limited to, information concerning the employment history, financial condition, credit history, skill and qualifications of the proposed assignee and, in the case of a Business Entity, assignee, of its owners.

(b) Within thirty (30) days after Franchisor's receipt of such notice (or if Franchisor shall request additional information, within thirty (30) days after receipt of such additional information), Franchisor may either consent or withhold its consent to such assignment, or at its option, accept the assignment to itself or to its nominee upon the terms and conditions specified in the notice. Franchisor may substitute an equivalent sum of cash for any consideration other than cash specified in said notice. If Franchisor fails to exercise any of its rights or options, then consent to the proposed assignment shall be deemed withheld.

(c) If Franchisor shall elect not to exercise its said right of first refusal and shall consent to such assignment, Representative shall, subject to the provisions of this Section, consummate the transaction with the proposed assignee on the terms and conditions specified in said notice. If, however, Franchisor elects not to exercise its right of first refusal and the terms shall be materially changed, or if more than ninety (90) days shall pass without the transaction being consummated, such changed terms or lapse of time shall be deemed a new proposal and Franchisor shall again have such right of first refusal with respect thereto.

13. BUSINESS ENTITY

(a) Representative shall not become a Business Entity without the prior written approval of Franchisor, which approval shall not be unreasonably withheld. If Representative (at any time) is, or becomes a business entity (a corporation, limited liability company, partnership or similar entity) (a "Business Entity"), Representative agrees and represents that:

(i) The Business Entity has the authority to execute, deliver and perform Representative's obligations under this Agreement and is duly organized or formed and validly existing in good standing under the laws of the jurisdiction of Representative's formation;

(ii) The Business Entity's organizational or governing documents do/will recite that the issuance and transfer of any ownership interests are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests will bear a legend referring to the restrictions of this Agreement;

(iii) Exhibit "4", to this Agreement will completely and accurately describe all the owners and their interests in the Business Entity;

(iv) The Business Entity and its owners shall revise Exhibit "4", as may be necessary to reflect any ownership changes and to furnish such other information about Representative's organization or formation as Franchisor may request;

(v) Each of Business Entity's owners and their spouses if any, at any time during the Term, will sign and deliver to Franchisor, the appropriate Guaranty and Assumption of Liabilities (Exhibit "5"), undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between Franchisor and Representative; and

(vi) At Franchisor's request, Representative will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of the Business Entity's owners and agents (such as, articles of incorporation or organization and partnership, operating or shareholder agreements or similar documents).

(b) Subject to the provisions of Section 10, if Representative becomes a Business Entity, any merger thereof, or sale or transfer of: (a) stock of any class in a corporate Representative; (b) ownership interests in a limited liability company Representative, whether by operation of law or otherwise; (c) any general partner's interest or limited partnership interests (including transfers of shares in corporate partners) in a partnership Representative, whether by operation of law or otherwise; or (d) any of the ownership interests in any other business entity Representative, whether by operation of law or otherwise, or a transfer of substantially all of the assets of the business operated pursuant to this Agreement, shall be deemed an attempted assignment of this Agreement, requiring the prior written consent of Franchisor.

14. DEFAULT AND TERMINATION

(a) Representative may be deemed in default and Franchisor may, at its option, and without waiving its rights hereunder or any other rights available at law or in equity, including its rights to damages, terminate this Agreement and all of Representative's rights hereunder effective immediately upon the date Franchisor gives written notice of termination, upon such other date as may be set forth in such notice of termination, or in those instances enumerated below, automatically upon the occurrence of, or the lapse of the specified period following an event of default. The occurrence of any one or more of the following events shall constitute an event of default and be good, sufficient and reasonable grounds for termination of this Agreement by Franchisor:

(i) Automatically, if Representative becomes insolvent or makes a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by Representative, or such a petition is filed against and consented to by Representative, or if a bill in equity or other proceeding for the appointment of a receiver of Representative or other custodian for Representative's business or assets is filed and consented to by Representative, or if a receiver or other custodian (permanent or temporary) of Representative's assets or property, or any part thereof, is appointed, or if a final judgment in excess of $10,000 remains unsatisfied or of record for 60 days or longer (unless a bond is filed or other steps are taken to effectively stay such judgment).

(ii) If Representative makes, or has made, any materially false statement or report to Franchisor in connection with this Agreement or application therefore.

(iii) If there is any violation of any transfer and assignment provision contained in

Section 11 of this Agreement.

(iv) If Representative receives from Franchisor two (2) or more notices to cure the same or similar defaults or violations of this Agreement during any twelve (12) month period.

(v) If Representative fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority to comply with any laws or regulation applicable to the operation of Representative's business, including but not limited to any franchise disclosure laws.

(vi) If Representative violates any covenant of confidentiality or non-disclosure contained in Section 10 of this Agreement or otherwise discloses, uses, permits the use of, copies, duplicates, records, transmits or otherwise reproduces any manuals, materials, goods or information created or used by Franchisor and designated for confidential use within the System without Franchisor's prior approval.

(vii) If Representative or any other person owning an interest in Representative is convicted of a felony, a crime of moral turpitude, or any other crime or offense relating to the operation of the business conducted pursuant to this Agreement.

(viii) If Representative fails to perform or breaches any covenant, obligation, term, condition, warranty or certification herein or fails to operate as specified by Franchisor in the Representative Franchise Manual and fails to cure such non-compliance or deficiency within thirty (30) days after Franchisor's written notice thereof.

(ix) If Representative defaults on any other agreement with Franchisor and such default is not cured in accordance with the terms of such other agreement.

(x) If Representative fails to obtain or has revoked any license or registration necessary to sell System franchises.

(xi) If Representative fails to comply with the Development Schedule provided for in Section 2(c) and set out in Exhibit “3”.

(xii) If Developer commits a breach of any other provision of this Agreement that remains uncured for more than thirty (30) days after notice from Franchisor.

(b) Representative may not terminate this Agreement prior to the expiration of its Initial Term except as the result of Franchisor's breach of this Agreement or otherwise, with Franchisor's consent. In the event that Representative shall claim that Franchisor has failed to meet any obligation under this Agreement, Representative shall provide Franchisor with written notice of such claim, within one (1) year of its occurrence, specifically enumerating all alleged deficiencies and providing Franchisor with an opportunity to cure, which shall in no event be less than sixty (60) days form the date of receipt of such notice by Franchisor from Representative.

(c) Notwithstanding any other provision of this Section 12, termination of this Agreement as a result of Representative's default or otherwise shall not operate to terminate any Franchise Agreement to which Representative is a party, if Representative is in full compliance with the terms and provisions of such agreement(s).

15. POST TERM RIGHTS, OBLIGATIONS AND COVENANTS

(a) Upon the expiration or termination of this Agreement for any reason, Representative shall immediately:

(i) Cease to be the authorized representative of Franchisor in the Granted Territory;

(ii) Pay all sums owing to Franchisor. Upon termination for any default by Representative, such sums shall include actual damages, costs and expenses, including, without limitation, reasonable attorney's fees, incurred by Franchisor as a result of the default;

(iii) Return to Franchisor all copies of the Representative Franchise Manual and all confidential materials, manuals, and other property owned by Franchisor containing trade secrets, and confidential or proprietary information of Franchisor. Representative shall retain no copy or record of any of the foregoing, provided, however, that Representative may retain its copy of this Agreement, any materials necessary to operate an Agency under an existing Franchise Agreement, any correspondence between the parties and any other document which Representative reasonably needs for compliance with any applicable provision of law;

(iv) Upon Franchisor's request, provide Franchisor a complete list of Representative's employees, clients, customers, franchise prospects and contacts and their respective addresses and any outstanding obligations Representative may have to any third parties. Notwithstanding that Representative may have created the list of franchise prospects and contacts, all of such lists and information therein shall be owned exclusively by Franchisor;

(v) Take such action as may be required to transfer all trade name and similar registrations and business licenses to Franchisor or its new Representative in the Granted Territory and to cancel any interest which Representative may have in same;

(vi) Cease to use, in advertising or in any manner whatsoever, any methods, procedures or techniques associated with the System; the Trademarks; and any other marks, names and indicia of operation associated with the System, to the extent not required to operate an Agency under an existing Franchise Agreement; and

(vii) Remove all Trademarks, trade dress and other indications of operation under the System from its place of business to the extent that such items are not required to operate an Agency under an existing Franchise Agreement.

(b) All right to any compensation due Representative hereunder shall immediately terminate upon the effective date of any termination or non-renewal of this Agreement, and Representative shall have no further interest or rights in this Agreement nor any right to receive administration fees unpaid at the time of termination or non-renewal, even though the right to such fees may have accrued.

(c) Representative shall not, in any communication to any other representative or Franchisee, disparage Franchisor or interfere with any contract to which Franchisor is a party.

16. INSURANCE

(a) Representative shall, at its expense and no later than commencement of the business contemplated by this Agreement, procure and maintain in full force and effect throughout the Term the types of insurance enumerated in the Representative Franchise Manual which shall be in such amounts as may from time to time be required by Franchisor and which shall designate Franchisor as an additional named insured, including the following:

(i) Employer's liability and workers' compensation insurance as prescribed by law in the state(s) which include the Granted Territory;

(ii) Comprehensive automobile liability insurance covering physical damage, personal injury and uninsured motorist;

(iii) Comprehensive general liability insurance covering the operation of the business contemplated by this Agreement; and

(iv) Errors and omissions (professional liability) insurance.

(b) Representative shall make timely delivery of certificates of required insurance to Franchisor, each of which shall contain a statement by the insurer that the policy will not be canceled or materially altered without at least thirty (30) days' prior written notice to Franchisor.

(c) The procurement and maintenance of such insurance shall not relieve Representative of any liability to Franchisor under any indemnity requirement of this Agreement.

17. INDEMNIFICATION AND INDEPENDENT CONTRACTOR

(a) Representative agrees to protect, defend, indemnify and hold Franchisor, its directors, managers, officers, members and shareholders harmless from and against all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including, without limitation, attorneys' and accountants' fees) as a result of, arising out of, or connected with the exercise of Representative's rights and the carrying out of its obligations hereunder (including without limitation, any claim brought by any prospective or actual franchise owner and/or a government agency concerning Representative's solicitation and other dealings with prospective and actual Franchisees) notwithstanding any claim that Franchisor was or may have been negligent.

(b) In all dealings with third parties including, without limitation, Franchisees, employees, suppliers, clients and customers, Representative shall disclose, in an appropriate manner acceptable to Franchisor, that it is an independent entity licensed by Franchisor. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them nor to constitute Representative as a subsidiary, joint venturer, partner, or employee of Franchisor for any purpose whatsoever. Is it understood and agreed that Representative is an independent contractor and is in no way authorized to make any warranty or representation on behalf of Franchisor other than those contained in any disclosure document prepared by Franchisor for use by Representative, nor is Representative authorized to create any obligation or enter into any contract binding on Franchisor.

18. WRITTEN APPROVALS; UNIFORMITY

(a) Whenever this Agreement requires Franchisor's prior approval, Representative shall make a timely written request. Unless a different time period is specified in this Agreement Franchisor shall respond with its approval or disapproval within fifteen (15) business days. In addition, Franchisor's approval shall not be unreasonably withheld.

(b) No warranty or representation is made by Franchisor that all other agreements with ESTRELLA Representatives heretofore or hereafter issued by Franchisor do or will contain terms substantially similar to those contained in this Agreement. Further Representative recognizes and agrees that Franchisor may, in its reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other Representative agreements heretofore or hereafter granted to other ESTRELLA Representatives in a non-uniform manner, subject, however to those provisions of this Agreement which require Franchisor to act toward its Representative and Franchisees on a reasonably non-discriminatory basis.

19. ENFORCEMENT

(a) Except as expressly provided to the contrary herein, each provision of this Agreement, and any portion thereof, shall be severable. If, for any reason, any provision of this Agreement is held invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, unappealable ruling by any court, agency, or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement which shall continue to be given full force and effect and bind the parties. If any applicable and binding law or rule of any jurisdiction requires greater prior notice of termination or refusal to renew this Agreement than is required hereunder, or some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provision hereof, and Franchisor shall have the right, in its sole discretion, to modify such invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to be valid and enforceable.

(b) Franchisor or Representative may unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or upon such other effective date stated in such written notice. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have, will be subject to continuing review by Franchisor, and may be revoked, in Franchisor's sole discretion, at any time and for any reason, effective upon delivery to Representative of ten (10) days prior written notice. Franchisor and Representative shall not be deemed to have waived or impaired any right, power, or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition, and covenant herein, or to declare any breach thereof to be a default and to terminate this Agreement before expiration of its term), by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal, or neglect of Franchisor or Representative to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including without limitation, any mandatory specification, standard, or operating procedure, any waiver forbearance, delay, failure, or omission by Franchisor to exercise any right, power, or option, whether of the same, similar or different nature, with respect to other Representatives or the acceptance by Franchisor of any payments due from Representative after any breach of this Agreement.

(c) Nothing herein shall bar Franchisor's or Representative's right to obtain specific performance of this Agreement and injunctive relief against threatened conduct that will cause it losses or damages, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Representative agrees that Franchisor may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and Representative's sole remedy in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

(d) The rights of Franchisor and Representative hereunder are cumulative. No exercise or enforcement by Franchisor or Representative of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Representative of any other right or remedy hereunder or which Franchisor or Representative is entitled by law to enforce.

(e) Except to the extent governed by the Federal Arbitration Act, the United Stated Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other Federal Law, this Agreement, the Franchise Agreement and the relationship between Franchisor and Representative shall be governed by the laws of the State of Florida.

(f) (i) Any dispute or controversy between the parties arising out of or relating to this Agreement, including, without limitation, a dispute or controversy relating to the construction of any provision or the validity or enforceability of any term or condition (including this provision) or of the entire Agreement, or any claim that all or any part of this Agreement (including this provision) is void or voidable, shall be submitted to arbitration before a single arbitrator in accordance with the Commercial Rules of Arbitration of the American Arbitration Association then in effect, same to be conducted where the principal office of Franchisor is located. All matters relating to such arbitration shall be governed by the Federal Arbitration Act. (9 U.S.C. Sec. 1 et seq.) Any arbitration will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff or similar basis. Any such arbitration proceeding will not be consolidated with any other arbitration proceeding involving any other person, except for disputes involving affiliates of the parties to such arbitration. Franchisor and Representative agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be barred. All arbitration must be completed within three (3) months from the filing of the demand and there shall be a limit of five (5) depositions per party. The arbitrator will have the right to award any relief which he deems proper in the circumstances, including, for example, money damages (with interest on unpaid amounts from their due date(s)), specific performance, and temporary and/or permanent injunctive relief. The arbitrator will not have the authority to award exemplary or punitive damages. To the fullest extent permitted by law, Representative irrevocably submits to the jurisdiction of such forum and waives any objection to either the jurisdiction or venue of such forum. This arbitration provision shall be deemed self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party, notwithstanding such failure to appear.

(ii) The provisions of this Article shall be construed as independent of any other covenant or provision of this Agreement; provided that if a court of competent jurisdiction determines that any such provisions are unlawful in any way, such court shall modify or interpret such provisions to the minimum extent necessary to have them comply with the law.

(iii) Judgment upon an arbitration award may be entered in any court having competent jurisdiction and shall be binding, final and non-appealable.

(iv) Prior to any arbitration proceeding taking place, Franchisor or Representative may, at their respective option, elect to submit the controversy or claim to non-binding mediation before a mutually agreeable mediator, in which event both parties shall execute a suitable confidentiality agreement. Both parties shall bear their own costs of any such mediation.

(v) The obligation herein to arbitrate or mediate shall not be binding upon either party with respect to claims relating to the Trademarks; Franchisor's copyrights; requests by either party for temporary restraining order, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by arbitration of the actual dispute between the parties.

(vi) This provision continues in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement for any reason.

(g) The parties acknowledge that a substantial portion of negotiations, anticipated performance and execution of this Agreement occurred or shall occur in Miami-Dade County, Florida, and therefore, each of the parties irrevocably and unconditionally with respect to any matter that is not subject to arbitration: (a) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement shall be brought in the courts of record of the State of Florida in Miami-Dade County or the District Court of the United States, Southern District of Florida; (b) consents to the jurisdiction of each such court in any suit, action or proceeding; (c) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (d) agrees that service of any court paper may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in the State of Florida.

(h) Franchisor and Representative irrevocably waive trial by jury in any action, proceeding

or counterclaim, whether at law or in equity, brought by either of them.

(i) Any and all claims and actions arising out of or relating to this Agreement, the relationship of Representative and the Franchisor or the Representative's operation of the Franchised Business, brought by any party hereto against the other, shall be commenced unless state to the contrary elsewhere in this Agreement within eighteen (18) months from the occurrence of the facts giving rise to any such claim or action, or such claim shall be barred.

(j) The Franchisor and Representative (and its owners and guarantors, if applicable), hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

(k) In any judicial or arbitration proceeding or appeal thereof, the party prevailing in such proceeding shall be entitled to reimbursement of its costs and expense, including reasonable arbitrator's, accounting and legal fees, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of this Agreement. If Franchisor is required to engage legal counsel in connection with Representative's failure to submit when due any reports, information or supporting records or otherwise to comply with this Agreement, Representative shall reimburse Franchisor for any of the above-mentioned costs and expense which it incurs.

(l) This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and shall not be modified except by written agreement signed by both Representative and Franchisor.

(m) The preambles and exhibit(s) are a part of this Agreement, which constitutes the entire agreement of the parties. There are no other oral or written understandings or agreements between Franchisor and Representative relating to the subject matter of this Agreement. Nothing in this Agreement is intended or shall be deemed to confer any rights or remedies upon any person or legal entity not a party hereto. Except where this Agreement expressly obligates Franchisor to reasonably approve or not unreasonably withhold its approval of any action or request by Representative, Franchisor has the absolute right to refuse any request by Representative or to withhold its approval of any action by Representative. Headings are for convenience only and do not define, limit, or construe the contents of this Agreement under any such headings. The term "Representative" as used herein is applicable to one or more persons, a corporation or a partnership, as the case may be. The singular usage includes the plural, and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Representative hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Franchisor shall be joint and several. References to "Representative", "owner" and "transferee" which are applicable to any individual or individuals shall mean, unless expressly made applicable to all shareholders and partners, principal owners of Representative (any person owning of record or beneficially of ten percent (10%) or more of the equity or control of Representative), if Representative or the transferee is a corporation or partnership. This Agreement may be executed in multiple copies, each of which shall be deemed an original.

(n) Neither Franchisor nor Representative shall be liable for loss or damage or deemed to be in breach of this Agreement if their failure to perform their obligation(s) results from: (1) transportation shortages, strikes, inadequate supply of equipment, merchandise, supplies, material, or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any federal, state, or municipal government or any agency thereof; (2) compliance with any law, ruling, order, regulation, requirement, or instruction of any federal, state, or municipal government or any department or agency thereof (other than an order requirement or instruction arising out of a violation of law by Representative); (3) acts of God or the public enemy; or (4) acts or omissions of the other party hereunder. Any delay resulting from any said causes shall extend performances accordingly or excuse performance, in whole or in part, as may be reasonable, except that such causes shall not excuse payments of amounts owed at the time of such occurrence nor extend the Term.

(o) No amendment, change or variance from this Agreement shall be binding upon Franchisor or Representative except by mutual written agreement. If an amendment of this Agreement is executed at Representative's request, any legal fees or preparation cost in connection therewith shall be paid by Representative.

20. ENTIRE AGREEMENT

THE REPRESENTATIVE ACKNOWLEDGES THAT THEY, AND EACH OF THEM, HAVE READ THIS AGREEMENT IN FULL; ARE COGNIZANT OF EACH AND EVERY ONE OF THE TERMS AND PROVISIONS HEREOF AND ARE AGREEABLE THERETO; THAT ANY AND ALL PRIOR AGREEMENTS OR UNDERSTANDINGS BETWEEN THE PARTIES, WHETHER ORAL OR WRITTEN, ARE AUTOMATICALLY CANCELED BY THE EXECUTION OF THIS AGREEMENT; THAT THE SIGNATURES AFFIXED HERETO WERE AFFIXED AS THE WHOLLY VOLUNTARY ACT OF THE PERSONS WHO SIGNED THIS AGREEMENT; AND THAT THE TERMS AND PROVISIONS OF THIS AGREEMENT CANNOT BE CHANGED OR MODIFIED UNLESS IN WRITING SIGNED BY AN AUTHORIZED CORPORATE OFFICER OF FRANCHISOR; THAT THE REPRESENTATIVE REALIZES THAT THERE CAN BE NO GUARANTY OF SUCCESS, SINCE REPRESENTATIVE'S BUSINESS ABILITY, APTITUDE, AND INDUSTRIOUS DISPOSITION ARE PRIMARY IN REPRESENTATIVE'S SUCCESS. NOTHING IN THIS AGREEMENT OR ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS IN THE FRANCHISE DISCLOSURE DOCUMENT DELIVERED BY FRANCHISOR TO REPRESENTATIVE.

21. NOTICES

Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties pursuant hereto shall be deemed so delivered at the time delivered by hand, one (1) business day after transmission by facsimile or email with confirmed receipt; three (3) days after deposit in the United States mail, via registered or certified mail, return receipt requested; or one (1) business day after placement with Federal Express, or other reputable air courier service, requesting delivery on the most expedited basis available, postage prepaid and addressed as follows:

To FRANCHISOR:

ESTRELLA FRANCHISING CORP.

1801 SW 3rd Avenue
Miami, Florida 33129
Attention: President

To REPRESENTATIVE:

____
____
____
Attention:____________________

Any of the foregoing may change their address by giving ten (10) days prior written notice of such change to the other party.

22. ACKNOWLEDGMENTS.

Representative hereby acknowledges the following:

REPRESENTATIVE ACKNOWLEDGES THAT FRANCHISOR HAS PROVIDED REPRESENTATIVE WITH A FRANCHISE DISCLOSURE DOCUMENT NOT LATER THAN FOURTEEN (14) DAYS BEFORE THE EXECUTION OF THIS AREA REPRESENTATIVE AGREEMENT, OR FOURTEEN (14) DAYS BEFORE ANY PAYMENT OF ANY CONSIDERATION, UNLESS STATE LAW REQUIRES A DIFFERENT PERIOD. REPRESENTATIVE FURTHER ACKNOWLEDGES THAT REPRESENTATIVE HAS READ SUCH FRANCHISE DISCLOSURE DOCUMENT AND UNDERSTANDS ITS CONTENTS. IF REQUIRED BY STATE LAW FRANCHISOR PROVIDED REPRESENTATIVE WITH A FRANCHISE DISCLOSURE DOCUMENT AT THE FIRST PERSONAL MEETING HELD TO DISCUSS THE SALE OF AN ESTRELLA AREA REPRESENTATIVE FRANCHISEE.

REPRESENTATIVE ACKNOWLEDGES THAT REPRESENTATIVE HAS HAD AN OPPORTUNITY TO REVIEW THIS AREA REPRESENTATIVE AGREEMENT, AS WELL AS THE FRANCHISE DISCLOSURE DOCUMENT AND THAT REPRESENTATIVE HAS HAD THE CHANCE TO CONSULT WITH AN ATTORNEY OR OTHER PROFESSIONAL ADVISOR. REPRESENTATIVE ACKNOWLEDGES THAT IF FRANCHISOR UNILATERALLY AND MATERIALLY ALTERED THE AREA REPRESENTATIVE AGREEMENT OR ANY OTHER AGREEMENT ATTACHED TO THE FRANCHISE DISCLOSURE DOCUMENT, REPRESENTATIVE RECEIVED AN EXECUTION READY COPY OF THAT AGREEMENT SEVEN (7) DAYS PRIOR TO REPRESENTATIVE'S SIGNING THAT AGREEMENT.

REPRESENTATIVE ALSO CONFIRMS REPRESENTATIVE'S UNDERSTANDING THAT THE SUCCESS OF THE BUSINESS LICENSED BY THIS AREA REPRESENTATIVE AGREEMENT IS SPECULATIVE AND DEPENDS TO A LARGE EXTENT ON REPRESENTATIVE'S ABILITY AS AN INDEPENDENT BUSINESS PERSON AS WELL AS OTHER FACTORS. REPRESENTATIVE ALSO RECOGNIZES AND ACKNOWLEDGES THAT REPRESENTATIVE MAY INCUR EXPENSES OR OBLIGATIONS WHICH THIS AREA REPRESENTATIVE AGREEMENT MAY NOT ADDRESS.

REPRESENTATIVE ACKNOWLEDGES AND AGREES THAT REPRESENTATIVE HAS NOT RECEIVED ANY REPRESENTATION, WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF AN ESTRELLA AREA REPRESENTATIVE OTHER THAN AS STATED IN THE FRANCHISE DISCLOSURE DOCUMENT. IN FACT, REPRESENTATIVE ACKNOWLEDGES THAT REPRESENTATIVE HAS

ENTERED INTO THIS AREA REPRESENTATIVE AGREEMENT AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE BUSINESS AND OF THE FRANCHISOR.

REPRESENTATIVE IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE REPRESENTATIVES OF FRANCHISOR MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENT(S), AND CONSEQUENTLY THAT THE FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS REPRESENTATIVES MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES.

The parties hereto have executed and delivered this Agreement on the day and year first above written.

FRANCHISOR:	REPRESENTATIVE:
ESTRELLA FRANCHISING CORP.	_________________________________
By:_______________________________	_________________________________
Title:_____________________________	Title:_____________________________

EXHIBIT "1"
TO THE ESTRELLA **INSURANCE**
AREA REPRESENTATIVE AGREEMENT

CURRENT FORM OF ESTRELLA **INSURANCE**
FRANCHISE AGREEMENT

EXHIBIT "2"
TO THE ESTRELLA INSURANCE
AREA REPRESENTATIVE AGREEMENT

GRANTED TERRITORY

The Granted Territory referred to in Section 1(a) shall be:

"Franchisor"	"Representative"
Estrella Franchising Corp.	____________________________
By: __________________________	____________________________
Title: _________________________	Title:________________________

EXHIBIT "3"
TO THE ESTRELLA INSURANCE
AREA REPRESENTATIVE AGREEMENT

DEVELOPMENT SCHEDULE

ESTRELLA AGENCY Number	To be opened on or before

"Franchisor"

ESTRELLA FRANCHISING CORP.

By: ___________________________

Title: _________________________

"Representative"

____

____

____

____

EXHIBIT "4"
TO THE ESTRELLA INSURANCE
AREA REPRESENTATIVE AGREEMENT

BUSINESS ENTITY INFORMATION

This form must be completed if REPRESENTATIVE has multiple owners or if REPRESENTATIVE is owned by a business organization (a corporation, partnership, limited liability company or similar entity). ESTRELLA FRANCHISING CORP., is relying on the truth and accuracy of the information set forth in awarding the franchise to REPRESENTATIVE:

1. Form of Owner. REPRESENTATIVE is a (check one):

(a) General Partnership ☐
(b) Corporation ☐
(c) Limited Partnership ☐
(d) Limited Liability Company ☐
(e) Other ☐
Specify: _______________

2. Business Entity. REPRESENTATIVE was incorporated or formed on _______________, 20___, under the laws of ________________________________. REPRESENTATIVE has not conducted business under any name other than REPRESENTATIVE'S business entity name and ___________________________ ___________________. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	Position(s) Held
___________________________________	_________________________________
___________________________________	_________________________________
___________________________________	_________________________________
___________________________________	_________________________________

3. Owners. The following list includes the full name and mailing address of each person who is one of REPRESENTATIVE'S owners and fully describes the nature of each owner=s interest. (Attach additional sheets if necessary.)

Owner's Name and Address	Description of Interest
______________________________	_____________________________
______________________________	_____________________________

Owner's Name and Address	Description of Interest
______________________________	_____________________________
______________________________	_____________________________
______________________________	_____________________________

4. Governing Documents. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization such as, articles of incorporation or organization, partnership or shareholder agreements.)

This Exhibit "4" is current and complete as of ________________, 20___.

OWNER

INDIVIDUALS:

____
[Signature]

____
[Print Name]

____
[Signature]

____
[Print Name]

CORPORATION, LIMITED LIABILITY COMPANY, PARTNERSHIP OR OTHER BUSINESS ENTITY:

____
[Print Name]

By: ________________________________

Title: _______________________________

EXHIBIT "5"
TO THE ESTRELLA INSURANCE
AREA REPRESENTATIVE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this ___ day of __________, 20___, by ____.

In consideration of, and as an inducement to, the execution of that certain Area Representative Agreement of even date herewith ("Agreement") by Estrella Franchising Corp. ("Franchisor"), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the Term and thereafter as provided in the Agreement, that _________________ ("Representative") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right he may have to require that an action be brought against Representative or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he may be entitled.

If Franchisor is required to enforce this Guaranty in a judicial proceeding, and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs.

Each of the undersigned consents and agrees that: (a) his direct and immediate liability under this guaranty shall be joint and several; (b) he shall render any payment or performance required under the Agreement upon demand if Representative fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Representative or any other person; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Representative or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the Term.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS
____
____

TELEPHONE NO.:____________________
PERCENTAGE OF OWNERSHIP
IN REPRESENTATIVE:____%

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS
____
____

TELEPHONE NO.:____________________
PERCENTAGE OF OWNERSHIP
IN REPRESENTATIVE:____%

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS
____
____

TELEPHONE NO.:____________________
PERCENTAGE OF OWNERSHIP
IN REPRESENTATIVE:____%

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS
____
____

TELEPHONE NO.:____________________
PERCENTAGE OF OWNERSHIP
IN REPRESENTATIVE:____%

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS
____
____

TELEPHONE NO.:____________________
PERCENTAGE OF OWNERSHIP

PERSONAL GUARANTOR

____
Personally and Individually (Printed Name)

____
Personally and Individually (Signature)

HOME ADDRESS
____
____

TELEPHONE NO.:____________________
PERCENTAGE OF OWNERSHIP

IN REPRESENTATIVE:____%

IN REPRESENTATIVE:____%

Exhibit "D"

Table of Contents of Representative Franchise Manual

Exhibit “E”

Area Representatives as of December 31, 2021

New York
Diego Toasa
34 Spruce Street
New Rochelle, NY 10805

Exhibit F

Former Area Representatives as of December 31, 2021

None.

Exhibit "G"

Financial Statements

PAAST
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Consent

PAAST, P.L., consents to the use in the Franchise Disclosure Document issued by Estrella Franchising Corp. ("Franchisor"), on April 11, 2022, as it may be amended, of our report dated April 11, 2022 (date of accountant's report), relating to the financial statements of Franchisor for the period ending December 31, 2021.

Date: April 19, 2022

PAAST, P.L.

By: ______________________

Print Name: Michael Torres

Title: Partner

255 Alhambra Circle, Suite 1100, Coral Gables, FL 33134 / T. 305.567.0150 / F. 305.476.1551 / info@paast.com

ESTRELLA FRANCHISING, CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

PAAST
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Estrella Franchising, Corp.

Opinion

We have audited the accompanying financial statements of Estrella Franchising, Corp. (a Florida S-Corporation), which comprise the balance sheet as of December 31, 2021, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Estrella Franchising, Corp. as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Estrella Franchising, Corp. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Estrella Franchising, Corp.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Estrella Franchising, Corp.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Estrella Franchising, Corp.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

PAAST, PL

Certified Public Accountants
Coral Gables, Florida
April 11, 2022

ESTRELLA FRANCHISING, CORP.
FINANCIAL STATEMENTS
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ESTRELLA FRANCHISING, CORP.
BALANCE SHEET
DECEMBER 31, 2021

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	561,340
Restricted cash, advertising		401,325
Accounts receivable		624,093
Current portion of notes receivable, net		25,980
Other current assets		3,207
TOTAL CURRENT ASSETS		1,615,945
DUE FROM RELATED PARTIES		906,496
NOTES RECEIVABLE, NET		135,131
TOTAL ASSETS	$	2,657,572
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	294,364
Deferred advertising and marketing costs		346,974
Current portion of deferred revenue		72,610
Current portion of long-term debt		1,108
TOTAL CURRENT LIABILITIES		715,056
DEFERRED REVENUE, NET OF CURRENT PORTION		1,061,504
LONG-TERM DEBT, NET OF CURRENT PORTION		148,792
TOTAL LIABILITIES		1,925,352
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock		500
Additional paid-in capital		14,500
Retained earnings		717,220
TOTAL STOCKHOLDERS' EQUITY		732,220
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	2,657,572

See auditor's report and accompanying notes to financial statements.

ESTRELLA FRANCHISING, CORP.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUE		
Royalties	$	5,295,108
Marketing fund revenue		3,647,237
Franchise sales and renewal fees		330,621
TOTAL REVENUE		9,272,966
EXPENSES		
Advertising, marketing and promotions		3,647,237
Other operating expenses		378,250
TOTAL EXPENSES		4,025,487
INCOME FROM OPERATIONS		5,247,479
OTHER INCOME		
Other income		1,081,884
Interest income, net		20,806
TOTAL OTHER INCOME		1,102,690
NET INCOME	$	6,350,169

See auditor's report and accompanying notes to financial statements.

ESTRELLA FRANCHISING, CORP.
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Beginning balance, January 1, 2021	$ 500	$ 14,500	$ 375,696	$ 390,696
Distributions	-	-	(6,008,645)	(6,008,645)
Net income	-	-	6,350,169	6,350,169
Ending balance, December 31, 2021	$ 500	$ 14,500	$ 717,220	$ 732,220

See auditor's report and accompanying notes to financial statements.

ESTRELLA FRANCHISING, CORP.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 6,350,169
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable	(51,318)
Other current assets	32,938
Accounts payable and accrued expenses	(83,638)
Deferred advertising and marketing costs	(198,856)
Deferred revenue	74,379
TOTAL ADJUSTMENTS	(226,495)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,123,674
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from notes receivable	82,298
Repayment from related parties	9,178
NET CASH PROVIDED BY INVESTING ACTIVITIES	91,476
CASH FLOWS FROM FINANCING ACTIVITIES	
Distributions	(6,008,645)
NET CASH USED IN FINANCING ACTIVITIES	(6,008,645)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	206,505
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	756,160
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	$ 962,665

See auditor's report and accompanying notes to financial statements.

NOTE 1 - NATURE OF ORGANIZATION

Estrella Franchising, Corp. (the "Company") was incorporated under the laws of the State of Florida in January 2008. The Company, which is located in Miami, Florida, sells to qualified operators the right to operate an insurance agency under the name "Estrella Insurance" and collects commission-based royalties from each operating agency. As of December 31, 2021, there were 173 agencies consisting of 154 agencies operating in Florida, and the remainder operating in Arizona, California, Colorado, Ohio and Texas.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION AND USE OF ESTIMATES

The Company's accounts are maintained on the accrual basis and are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. As such, actual results could differ from those estimates.

B) CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The Company considers all highly liquid investments with purchased maturities of three months or less to be cash equivalents. The Company's restricted cash consists of those amounts required by a contractual agreement with a franchisee to set aside a portion of the franchisee's commissions for marketing, advertising and promotion. Cash and cash equivalents, and restricted cash totaled approximately $561,000 and $401,000, as of December 31, 2021, respectively.

C) REVENUE RECOGNITION

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreement for the sale of an individual franchise require the franchisee to pay an initial, non-refundable, fee ranging from $1,000 to $25,000 and continuing royalties based upon a percentage of their commissions. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew its agreement upon its expiration. When the individual franchise is sold, the Company agrees to provide certain services to the franchisee including site selection assistance, training, systems implementation, and design of a quality control program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) REVENUE RECOGNITION (CONTINUED)

The Company recognizes revenue when or as the Company satisfies the performance obligations per the franchise agreements. The Company determines the transaction price of each contract and allocates it to the distinct services based on their relative expected costs plus an appropriate margin in relation to all the performance obligations in the contract. During the year ended December 31, 2021, approximately 57% of the Company's revenue was derived from the commission-based royalties, 39% from marketing fund revenue and 4% from franchise sales and renewal fees.

Revenue from commission-based royalties and marketing fund revenue, which include royalties, brand development, marketing and advertising, is calculated monthly based on a percentage of the net commissions generated at each individual franchise location.

The Company elected the practical expedient which allows franchisors to treat certain preopening services from the franchise sales as distinct services due to the fact that they are not highly interrelated with the franchise license. The preopening services primarily consist of the training provided to the franchisees prior to the opening of the agencies and in some cases, assistance with the site selection. The allocated portion of initial franchise fee related to preopening services are recognized when the performance obligations of these services have been satisfied, upon the opening of the franchise location. The remainder of the initial franchise fee related to the use of the Company's intellectual property is deferred and recognized as revenue on a straight-line basis over the term of the franchise agreement. Deferred revenue also include deposits received on pending franchise sales or on agencies that have not yet opened.

The Company recognizes revenue from the franchise renewal fee on a straight-line basis over the renewal term of the franchise agreement.

During the year ended December 31, 2021, the Company had three active area development agreements which grant the developers the right to open locations in Florida in future years. Area development fees are allocated on a pro rata basis to all locations that will be opened under that specific area development agreement. The Company recognizes the revenue allocated to the preopening services upon the opening of the location. The portion related to the use of the Company's intellectual property is deferred and recognized on a straight-line basis over the term on the franchise agreement. During the year ended December 31, 2021, the Company recognized approximately $24,000 in area development fees which is included in franchise and renewal fees in the accompanying statement of operations.

In December 2021, the Company entered into two area representative agreements which grant the representatives the right to sell locations in New York and Florida in future years. As of December 31, 2021, no locations were opened under these agreements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) ADVERTISING, MARKETING AND PROMOTION

Franchises are required to remit 5% to 7% of their commissions to a separate account for marketing and branding promotion. In accordance with the franchise agreements, contributions received from franchisees must be spent on advertising, marketing and related activities, and result in no gross profit recognized. To the extent that the contributions received exceed the related advertising and promotional expenditures, the Company accounts for the excess contributions as a deferred liability.

Advertising, marketing and promotion are expensed as incurred and amounted to approximately $3,647,000 during the year ended December 31, 2021. As of December 31, 2021, deferred advertising and marketing costs were approximately $347,000.

E) PROPERTY AND EQUIPMENT

The Company records property and equipment at cost and depreciates them, on a straight-line basis, over their estimated useful lives. The Company reviews them for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. As of December 31, 2021, the Company's property and equipment were fully depreciated.

F) CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at a financial institution which, at times, may exceed the federally insured limits. At December 31, 2021, the Company's uninsured bank balances approximated $713,000. No losses have been experienced related to such accounts.

Financial instruments that potentially subject the Company to concentration of credit risks consist principally of royalty receivables and notes receivables. To minimize the risk, royalties receivables are paid by the franchisees the month after they are earned. In addition, the Company primarily grants notes on franchise sales that generally require a deposit.

G) INCOME TAXES

The Company has elected under the Internal Revenue Code to be taxed as an S corporation. As such, the shareholders are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G) INCOME TAXES (CONTINUED)

Management identifies and evaluates uncertain tax positions to determine whether the probability exists that a tax position taken in a tax return would be sustained upon examination by a taxing authority. The Company recognizes accrued interest related to unrecognized tax benefits in interest expense and penalties in operating expenses. As of December 31, 2021, the Company had no accrual for interest and penalties.

H) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments primarily consist of cash, cash equivalents and restricted cash accounts and notes receivable. Management estimates that the fair value of its financial instruments approximate their carrying value at December 31, 2021.

I) RECENT ACCOUNTING PRONOUNCEMENTS

The Company evaluates new accounting pronouncements for relevance and impact on the financial statements. Management is currently evaluating the effect new pronouncements will have on its financial statements.

J) SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 11, 2022, which is the date the financial statements were available to be issued.

NOTE 3 - RELATED PARTIES

DUE FROM RELATED PARTIES

The Company, from time to time, advances funds to shareholders and related parties.

During 2015, the Company entered into a promissory note to advance funds in the amount of $210,000 to one shareholder. The note has a 20-year term, bears interest at approximately 3%. At December 31, 2021, the note receivable had an outstanding balance of approximately $153,000.

During 2018, the Company advanced approximately $8,000 to another shareholder. This advance is non-interest bearing and is due on demand. The outstanding balance is approximately $8,000 as of December 31, 2021.

During 2019, the Company advanced approximately $15,000 to a related party. This advance is non-interest bearing and is due on demand. The outstanding balance approximated $15,000 as of December 31, 2021.

NOTE 3 - RELATED PARTIES (CONTINUED)

DUE FROM RELATED PARTIES (CONTINUED)

During 2020, the Company advanced approximately $730,000 to its shareholders. These advances are non-interest bearing and must be repaid by 2052. At December 31, 2021, these advances had an outstanding balance of approximately $730,000.

The related parties are not required to make any payments towards their outstanding balances to the Company within the next twelve months and thus, these balances are reflected as non-current on the accompanying balance sheet.

GENERAL AND ADMINISTRATIVE COSTS

An entity affiliated with the Company by common ownership employs accounting and administrative staff whose time is shared with the Company. The affiliate invoices the Company for its share of the employees' payroll and related expenses, based on management's estimate of the time and costs associated with the Company's operations. In addition, the Company shares office space that is owned by the affiliate. The affiliate also invoices the Company for its share of rent and related occupancy expenses. During the year ended December 31, 2021, the Company incurred approximately $1,404,000 for these general and administrative expenses, which included approximately $115,000 in rent and related occupancy expenses. The affiliate relieved the Company from its obligation to pay these expenses and other amounts due to the affiliate during the year ended December 31, 2021, which resulted in the Company recording a net forgiveness of related party payables of approximately $8,000, which is included in other income in the accompanying statement of operations.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable included approximately $234,000 of amounts due to various related parties as of December 31, 2021. This balance is mainly related to reimbursements for marketing and advertising costs spent by the related parties on behalf of the Company.

NOTE 4 - NOTES RECEIVABLE

From time to time, the Company sells a franchise and simultaneously enters into a note receivable agreement with the franchisee to help finance the purchase of the franchise. Notes receivable are stated at unpaid principal balances, net of an allowance for doubtful notes receivable. The Company maintains reserves for potential credit losses, which, when realized, have been within the range of management's allowance for doubtful notes receivable. Management evaluates the notes for impairment on an individual basis and writes off receivables as a charge to the allowance for doubtful notes receivable when, in their estimation, it is probable that the receivable is uncollectible. At December 31, 2021, the Company held six notes receivable from franchisees totaling approximately $161,000, net of an allowance of approximately $10,000.

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

The notes receivable bear interest at 9% and have repayment terms ranging between 1-14 years. For the year ended December 31, 2021, the Company earned approximately $24,000 of interest income, which is included in interest income, net in the accompanying statement of operations.

The following is a schedule of approximate future principal payments expected to be received under the notes receivable for the years ended December 31,

2022	$ 26,000
2023	19,000
2024	20,000
2025	22,000
2026	17,000
Thereafter	67,000
	$ 171,000

NOTE 5 - NOTE PAYABLE

In June 2020, the Company obtained a loan with the U.S. Small Business Administration ("SBA") in the amount of approximately $150,000 under the Economic Injury Disaster Loan ("EIDL") assistance program. The loan accrues interest at 3.75% and matures in June 2050. Installment payments, including principal and interest, were initially required twelve months from the date of the promissory note. However, the Company obtained Procedural Notices from the SBA EIDL assistance program which delay the installment payments until September 2022. The loan continues to accrue interest during the deferment period. As of the date of the issuance of the financial statements, the Company has not made any payments towards the loan. The balance outstanding as of December 31, 2021 approximated $150,000.

The following is a schedule of approximate future payments on the note payable for the years ended December 31,

2022	$ 1,000
2023	3,000
2024	4,000
2025	4,000
2026	4,000
Thereafter	134,000
	150,000
Less: current portion	1,000
	$ 149,000

NOTE 5 - NOTE PAYABLE (CONTINUED)

Interest incurred on the note payable for the year ended December 31, 2021 was approximately $3,000 and is included in interest income, net in the accompanying statement of operations.

NOTE 6 - OTHER INCOME

An entity affiliated with the Company by common ownership received a bonus check from an insurance carrier as an incentive for offering their insurance through the Company's agencies. The Company received a portion of the check from its affiliate amounting to approximately $1,053,000, which is included in other income in the accompanying statement of operations.

NOTE 7 - COMMITMENT AND CONTINGENCIES

LITIGATION

The Company is not involved in any legal actions arising from normal business activities. At December 31, 2021, management is not aware of any pending litigation against the Company.

REGULATORY MATTERS

The Company endeavors to operate in compliance with applicable federal, state and local laws and regulations. The Company has not received any notice of noncompliance with laws and regulations during the year ended December 31, 2021.

NOTE 8 - COMMON STOCK

At December 31, 2021, the Company had 500 shares of $1 par value common stock authorized, of which 500 shares were issued and outstanding.

NOTE 9 - ECONOMIC RISK AND UNCERTAINTIES

The Company's operations continued despite the uncertainties related to the COVID-19 pandemic. Management continues to evaluate the overall impact of the pandemic on the Company's operations.

NOTE 10 - SUBSEQUENT EVENTS

In February 2022, the Company entered into an Area Development Agreement with a developer located in Texas for an initial fee of $65,000 to open five franchises by 2025.

ESTRELLA FRANCHISING CORP.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

ESTRELLA FRANCHISING CORP.

YEARS ENDED DECEMBER 31, 2020 AND 2019

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KSDT CPA
ADVISORY | TAX | ASSURANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
of Estrella Franchising Corp.

We have audited the accompanying financial statements of Estrella Franchising Corp. (an S corporation), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT (Continued)

Change in Accounting Principle

As discussed in Note 2 to the financial statements, management has elected to apply the practical expedient for private-company franchisors related to the identification of performance obligations specifically related to accounting for certain preopening services provided under ASC 606 – *Revenue from Contracts with Customers* for the year ended December 31, 2020, that was not applied in the previously issued financial statements as of December 31, 2020. Our opinion is not modified with respect to that matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Estrella Franchising Corp. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 2 to the financial statements, subsequent to the previously issued December 31, 2020 financial statements, management of the Company discovered an error resulting in an overstatement of amounts previously reported for shareholder distributions and an understatement of amounts due from shareholders as of December 31, 2020. Accordingly, amounts reported for amounts due from shareholders and shareholder distributions have been restated in the currently presented December 31, 2020 financial statements. Our opinion is not modified with respect to that matter.

Kabat, Schertzer, De La Torre, Taraboulos & Co.

Miami, Florida
October 28, 2021

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ESTRELLA FRANCHISING CORP.

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 101,241	$ 116,890
Royalties receivable	572,775	303,107
Notes receivable franchisees, current portion	82,298	114,750
Due from shareholders, current portion	745,688	185,628
Other assets	36,146	30,182
Restricted cash, marketing fund	654,919	64,751
TOTAL CURRENT ASSETS	2,193,067	815,308
OTHER ASSETS:		
Notes receivable franchisees, non-current portion	161,111	182,433
Due from shareholders, non-current portion	169,986	164,162
TOTAL OTHER ASSETS	331,097	346,595
TOTAL ASSETS	$ 2,524,164	$ 1,161,903
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 40,641	$ 34,771
Accounts payable and accrued expenses, marketing fund	334,350	-
Deferred advertising and marketing costs	545,830	64,751
Shareholder distributions payable	-	128,626
EIDL loan payable, current portion	1,737	-
Deferred revenue, current portion	67,488	29,076
TOTAL CURRENT LIABILITIES	990,046	257,224
OTHER LIABILITIES:		
EIDL loan payable, non-current portion	151,175	-
Deferred revenue, non-current portion	992,247	398,519
TOTAL OTHER LIABILITIES	1,143,422	398,519
TOTAL LIABILITIES	2,133,468	655,743
SHAREHOLDERS' EQUITY:		
Common stock, $1 par value, 500 shares authorized, issued and outstanding and additional capital	15,000	15,000
Retained earnings	375,696	491,160
TOTAL SHAREHOLDERS' EQUITY	390,696	506,160
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,524,164	$ 1,161,903

The accompanying notes are an integral part of these financial statements.

ESTRELLA FRANCHISING CORP.

STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUES:		
Royalties	$ 4,729,973	$ 4,239,590
Marketing fund revenue	3,233,682	-
Franchise and renewal fees	354,512	705,500
TOTAL REVENUES	8,318,167	4,945,090
OPERATING EXPENSES:		
General and administrative	1,241,003	1,449,388
Advertising, marketing and promotions	3,271,920	43,207
Other administrative expenses	404,731	302,096
TOTAL OPERATING EXPENSES	4,917,654	1,794,691
INCOME FROM OPERATIONS	3,400,513	3,150,399
OTHER INCOME:		
Loan forgiveness	1,221,694	1,133,080
Interest income	30,897	24,891
EIDL grant income	10,000	-
Other income	7,118	4,062
Lawsuit settlement, net	-	27,000
TOTAL OTHER INCOME	1,269,709	1,189,033
NET INCOME	$ 4,670,222	$ 4,339,432

The accompanying notes are an integral part of these financial statements.

ESTRELLA FRANCHISING CORP.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2020 AND 2019

	Common Stock	Retained Earnings	Total Shareholders' Equity
BALANCE, JANUARY 1, 2019	$ 15,000	$ 393,940	$ 408,940
Net income	-	4,339,432	4,339,432
Distributions	-	(4,242,212)	(4,242,212)
BALANCE, DECEMBER 31, 2019	15,000	491,160	506,160
Cumulative effect of ASC Topic 606 on January 1, 2020	-	(324,975)	(324,975)
Net income	-	4,670,222	4,670,222
Distributions	-	(4,460,711)	(4,460,711)
BALANCE, DECEMBER 31, 2020	$ 15,000	$ 375,696	$ 390,696

The accompanying notes are an integral part of these financial statements.

ESTRELLA FRANCHISING CORP.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 4,670,222	$ 4,339,432
Adjustments to reconcile net income to net cash provided by operations:		
Cumulative effect of ASC Topic 606	(324,975)	-
EIDL grant income	(10,000)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Royalties receivable	(269,668)	1,091
Notes receivable franchises	53,774	-
Other assets	(5,964)	(724)
Increase (decrease) in:		
Accounts payable	5,870	(130,351)
Accounts payable and accrued expenses, marketing fund	334,350	-
Deferred advertising and marketing costs	481,079	(301,549)
Deferred revenue	632,140	72,788
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,566,828	3,980,687
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances to shareholders	(694,510)	(269,526)
Proceeds of EIDL loan payable	152,912	-
Proceeds of EIDL grant	10,000	-
Distributions	(4,460,711)	(4,113,586)
NET CASH USED BY FINANCING ACTIVITIES	(4,992,309)	(4,383,112)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	574,519	(402,425)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR	181,641	584,066
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 756,160	$ 181,641

The accompanying notes are an integral part of these financial statements.

NOTE 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Estrella Franchise Corp. (the Company) is a Florida subchapter S corporation formed on January 22, 2008. The Company sells, to qualified operators, the right to operate an insurance agency under the name "Estrella Insurance".

As of December 31, 2020 and 2019, there are 160 and 149 agencies, respectively, with 143 and 131 agencies, respectively, operating in Florida, and the remainder operating in Arizona, Texas, Ohio, and California.

The franchise business is subject to regulatory requirements that vary from state to state.

Revenue Recognition and Adoption of New Accounting Standard

The Company's revenues consist of sales-based royalties as well as initial franchise and renewal fees. Revenue from sales-based royalties (i.e., royalty, brand development, marketing and advertising) are recorded each month based on a percentage of the gross receipts generated at each individual franchise location. A franchisee has the option to pay a renewal franchise fee and renew its franchise for an additional term. Renewal franchise fees are recognized as revenue on a straight-line basis over the renewal term of the franchise agreement.

The Financial Accounting Standards Board (FASB) issued a new revenue recognition standard – Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (ASC 606). In addition, on January 28, 2021, the FASB issued ASU 2021-02, which allows a private-company franchisor to use a practical expedient when identifying performance obligations in its contracts with franchisees. When applying the practical expedient, a private-company franchisor that has entered into a franchise agreement can treat certain preopening services provided to its franchisees as distinct from the franchise license.

Included in the initial franchise fees are preopening services. The preopening services the Company provides to its franchisees include training of the franchisee's personnel and assistance, in some cases, in the selection of the site. The training provided to the franchisees provide skills that can be used for general business and operations of another auto, property and casualty insurance business, and are not highly interrelated with the franchise license. Therefore, the Company has determined that the preopening services provided are separate and distinct from the franchise license.

NOTE 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Adoption of New Accounting Standard (Continued)

The Company determines the transaction price of each contract and allocates it to the distinct services based on their relative expected costs plus an appropriate margin in relation to all the performance obligations in the contract. The allocated portion of initial franchise fees related to preopening services provided to franchisees are recognized upon the opening of the franchise location. The remainder of the transaction price of the initial franchise fees related to the use of the intellectual property are recognized as revenue on a straight-line basis over the term of the franchise agreement once the franchise location opens for business. As such, the deferred franchise fee income is recorded as a liability on the balance sheet for future periods over the term of the franchise agreement. Deposits received on pending franchise sales are included in deferred revenue.

The Company has three area development exclusivity agreements operating in Florida which grant the right to open locations in future periods in specific geographic areas. Area development fees are allocated on a pro rata basis to all locations under that specific area development agreement. The Company recognizes the pro rata revenue from the area exclusivity upon the opening of the related franchise locations on a straight-line basis over the term on the agreement. During the year ended December 31, 2020, the Company recognized $23,750 in area development fees and was included in franchise and renewal fees in the accompanying statements of operations.

The Company has analyzed the provisions of the new revenue recognition standard including ASU 2021-02 and adopted the standard on January 1, 2020, by using the modified retrospective transition method. Accordingly, the prior year financial statements for 2019 have not been restated and the cumulative effect of adoption totaling approximately $325,000 has been charged to retained earnings as of January 1, 2020, the beginning of the first period of adoption.

The Company's adoption of ASC 606 had the following primary impacts on their financial statements. The impact of adjustments on profit recorded to date is now recognized in the period identified (cumulative catch-up method), rather than prospectively over the remaining contract term. Initial franchise fees related to preopening services provided to franchisees as described above, are recognized upon the opening of the franchise location. Initial franchise fees related to the use of the intellectual property are recognized as revenue when the related franchise commences operations, on a straight-line basis over the term of the franchise agreement. Prior to the adoption of ASC 606, all revenue was recognized for the sale of franchises on the date the franchisee opened for business to the general public.

The adoption of the guidance also changed the reporting of contributions made to the Company from franchisees and the related marketing and advertising fund expenditures, which were not previously included in the statements of operations. Under the franchise agreements, contributions received from franchisees must be spent on advertising, marketing and related activities, and result in no gross profit recognized. To the extent that contributions received exceed advertising and promotional expenditures, the excess contributions are accounted for as a deferred liability and are recorded in accounts payable and accrued expenses, marketing fund in the accompanying balance sheet. Advertising from franchisees is based on a percentage of the gross receipts generated at each individual franchisee.

NOTE 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Adoption of New Accounting Standard (Continued)

The new standard also includes expanded disclosure requirements that result in providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Company has expanded its financial statement disclosures related to revenue recognition to comply with the new standard.

Income Taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be taxed as an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the accompanying financial statements.

In accordance with generally accepted accounting principles, the Company accounts for uncertainty in income taxes by recognizing tax positions in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the relevant taxing authorities.

As of December 31, 2020, and 2019, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2020 and 2019, the Company had no such liabilities resulting from uncertain tax positions or any related interest or penalties.

Property and Equipment

Property and equipment are recorded at cost and depreciated, on a straight-line basis, over the estimated useful lives of the property. The Company reviews its property for impairment whenever events or changed in circumstances indicate that the carrying amount may not be recoverable. As of December 31, 2020 and 2019, the Company's property and equipment had no net book value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising, Marketing and Promotion

Advertising, marketing and promotion are charged to expense as incurred and amounted to approximately $3,272,000 for the year ending December 31, 2020. Advertising and promotion are charged to expense as incurred and amounted to approximately $43,000 for the year ending December 31, 2019.

Cash and Cash Equivalents and Restricted Cash

For the purposes of the balance sheets and the statements of cash flows, cash and cash equivalents consist of cash and cash equivalents, with an original maturity of three months or less when purchased. Restricted cash consists of those amounts required by a contractual agreement with a franchisee to set aside 5% to 7% of the franchisee's commissions for marketing and advertising.

Cash and cash equivalents and restricted cash as of December 31, 2020 and 2019 consisted of the following:

	2020	2019
Cash and cash equivalents	$ 101,241	$ 116,890
Restricted cash, marketing fund	654,919	64,751
Total cash and cash equivalents and restricted cash shown in the statements of cash flows	$ 756,160	$ 181,641

Concentration of Credit Risk

The Company maintains its cash balances at one financial institution. The account balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. From time to time, the Company may have amounts on deposit in excess of FDIC limits. On December 31, 2020 and 2019, total cash balances exceeded the federally insured limit by approximately $527,000 and $0, respectively. The Company has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its balances.

Financial instruments that potentially subject the Company to concentration of credit risks consists principally of royalty receivables and notes receivables. To minimize the risk, royalties receivables are paid by franchisee the month after earned; also, the Company primarily grants notes on franchise sales that generally requires a deposit.

NOTE 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values of Financial Instruments

The Company has several financial instruments including cash, receivables and notes receivable. Management estimates that the fair value of all financial instruments at December 31, 2020 and 2019 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheets.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform with the 2020 presentation.

NOTE 2. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company has restated its previously issued financial statements for the year ended December 31, 2020, to apply the practical expedient for private-company franchisors related to the identification of performance obligations specifically related to accounting for certain preopening services provided under ASC 606 for the year ended December 31, 2020, that was not applied in the previously issued financial statements as of December 31, 2020. In addition, the Company has restated its previously issued financial statements for the year ended December 31, 2020, to correct errors subsequently discovered by the Company's management. Management subsequently discovered a 2020 distribution to the shareholders that should have been reported as due from shareholders. In addition, the restated financial statements properly classify the amount of deferred revenue that will be earned in the next calendar year (current portion) as well as the non-current portion to be earned thereafter. In addition, the previously issued financial statements disclosed 190 agencies operating as of December 31, 2020 which has been corrected to 160 agencies. Also, the 168 agencies operating in Florida has been corrected to 143.

The following sets forth the previously reported and restated amounts of selected items within the balance sheet as of December 31, 2020, and within the statement of operations for the year ended December 31, 2020:

Selected Balance Sheet Data as of December 31, 2020:	As previously reported	As restated
Due from shareholders, curent portion	$ 15,506	$ 745,688
Shareholder distribution payable	22,448	-
Deferred revenue, current portion	2,119,448	67,488
Deferred revenue, non-current portion	-	992,247
Retained earnings (accumulated deficit)	(1,426,648)	375,696
Selected Operations Data for 2020:		
Revenues	8,304,303	8,318,167
Net income	4,666,358	4,670,222

NOTE 3. NOTES RECEIVABLE - FRANCHISEES

The Company sells franchises and may aid the franchisee by accepting a note receivable to finance the purchase. As of December 31, 2020, and 2019, the Company held 12 and 18 notes receivable from franchisees totaling approximately $253,000 and $297,000, respectively.

Notes receivable are stated at unpaid principal balances, less an allowance for doubtful franchise fee notes receivable and net deferred loan fees and unearned discounts, if any. The Company maintains an allowance for doubtful franchise fee notes receivable based upon management's experience and history. As of December 31, 2020, and 2019, the Company had an allowance for doubtful franchise fee notes receivable of approximately $10,000 and $0, respectively. Additionally, the Company evaluates notes for impairment on an individual basis. The Company will write off a note receivable if the note is determined by management to be uncollectible.

The notes receivable charge interest at 9% and have repayment terms ranging between 1-16 years. Interest income is earned over the term of each note and included in other income in the accompanying statements of operations. For the years ended December 2020 and 2019, the Company earned approximately $31,000 and $25,000, respectively, of interest income, and included the balances in other income in the accompanying statements of operations.

As of December 31, 2020, future principal payments expected to be received under the notes receivable, were as follows:

2021	$ 82,298
2022	25,980
2023	19,236
2024	19,695
2025	21,543
Thereafter	74,657
	$ 243,409

NOTE 4. RELATED PARTY TRANSACTIONS

Amount due from shareholders includes approximately $916,000 and $350,000 at December 31, 2020 and 2019, respectively. One shareholder has an amount due of approximately $162,000 which is being repaid at $1,165 per month based on a 20-year term at 2.89% interest. In addition, three shareholders have amounts due of approximately $23,000 in aggregate as of December 31, 2020 which are non-interest bearing and due on demand. Repayment of the $23,000 amounts due from the three shareholders is not anticipated within the next twelve months and, accordingly, that portion has been reflected as non-current. In addition, the shareholders were advanced approximately $730,000 during 2020, which is expected to be repaid by the end of the calendar year 2021.

NOTE 4. RELATED PARTY TRANSACTIONS (Continued)

An entity affiliated with the Company by common ownership employs accounting and administrative staff whose time is shared with the Company. The affiliate pays the payroll, payroll taxes, medical insurance and invoices the Company for its allocated share of costs based on management's estimate of time and costs associated with the Company's operations. The Company paid the affiliate approximately $1,241,000 and $1,449,000 during the years ended December 31, 2020 and December 31, 2019, respectively, and are included in general and administrative expenses in the accompanying statements of operations.

The Company shares office space that is owned by a related party affiliated by common ownership. For the years ended December 31, 2020 and 2019, the Company paid the affiliate $105,000 and $9,000, respectively, in allocated rent and related occupancy expenses.

Prepaid and other assets include approximately $36,000 and $30,000 in advances to related parties as of December 31, 2020 and 2019, respectively, which will be offset against allocated administrative costs in subsequent years.

Accounts payable included costs that were allocated from various related parties of $25,000 and $104,000, as of December 31, 2020 and 2019, respectively.

NOTE 5. EIDL LOAN PAYABLE

On June 18, 2020, the Company received a loan from the United States Small Business Administration under its Economic Injury Disaster Loan ("EIDL") assistance program. The principal amount of the Company's EIDL was $150,000, with proceeds to be used for working capital purposes. Interest on the EIDL accrues at a rate of 3.75% per annum and installment payments, including principal and interest, are due monthly beginning twelve months from the date of receipt of the EIDL. The balance of principal and interest is payable thirty years from the date of receipt of the EIDL.

Repayments of EIDL loan payable as of December 31, 2020 was due as follows:

2021	$ 1,737
2022	3,068
2023	3,185
2024	3,307
2025	3,433
Thereafter	138,182
	$ 152,912

NOTE 6. SHAREHOLDER DISTRIBUTIONS PAYABLE

During the years ended December 31, 2020 and 2019, the shareholders of the Company declared approximately $4,461,000 and $4,242,000, respectively, of distributions to be paid out of retained earnings. Approximately $0 and $129,000, respectively, of shareholder distributions were paid subsequent to December 31, 2020 and 2019 and were therefore recorded as shareholder distributions payable in the accompanying balance sheets.

NOTE 7. FRANCHISE MARKETING

Franchises are required to remit 5% to 7% of their commissions to a separate account for marketing and branding promotion. The adoption of the guidance changed the reporting of contributions made to the Company from franchisees and the related marketing and advertising fund expenditures, which were not previously included in the statements of operations. Under the franchise agreements, contributions received from franchisees must be spent on advertising, marketing and the related activities, and result in no gross profit recognized.

The Company disbursed approximately $2,689,000 and $2,828,000 during the years ended December 31, 2020 and 2019, respectively, from the separate, restricted bank account for marketing and branding promotion costs.

NOTE 8. COMMITMENTS AND CONTINGENCIES

The Company is from time-to-time subject to complaints and claims arising in the ordinary course of business. Management believes that none of the claims and complaints, of which it is currently aware, will materially affect its business, financial position, or future operating results, although no assurance can be given with respect to the ultimate outcome of any such claims or with respect to the occurrence of any future claims.

NOTE 9. EMERGENCY ECONOMIC INJURY GRANT

In response to the COVID-19 pandemic, the Emergency Economic Injury Grant (EEIG) was established under the Coronavirus Aid, Relief and Economic Security Act (CARES Act). Companies that met the eligibility requirements set forth by the Small Business Administration (SBA) may qualify for EEIG while waiting for the EIDL. If the grant proceeds are fully utilized to pay qualified expenses over a covered period, the full principal amount of the grant qualify for forgiveness in full.

On May 4, 2020, the Company received a grant from the SBA for approximately $10,000 under the EEIG. As of December 31, 2020, the Company determined that it met all the conditions to qualify for grant forgiveness. The full amount of the grant proceeds have been recognized as income in the accompanying statements of operations.

NOTE 10. FRANCHISING

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee ranging from $1,000 to $25,000 and continuing fees based upon a percentage of their commissions. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew its agreement upon its expiration.

When the individual franchise is sold, the Company agrees to provide certain services to the franchisee, including site selection, training, systems implementation, and design of a quality control program.

NOTE 11. LITIGATION SETTLEMENT

On March 9, 2018, the Company filed a suit against a non-franchise agency and its officer. The complaint charged the non-franchise agency and its officer for Federal trademark infringement, unlawful marketing, distribution and sale of insurance brokerage services. On May 2, 2018, the Company settled its lawsuit. Under the terms of the settlement, the Company received initial proceeds of $175,000 plus $3,000 each month payable through April 20, 2020 for the actual use of the name Estrella. The Company recognized $27,000 of the settlement as other income during the year ended December 31, 2019.

NOTE 12. LOAN FORGIVENESS

During the years ended December 31, 2020 and 2019, the Company restructured its related party payable. As a result of the forgiveness, the Company recorded other income of approximately $1,222,000 and $1,133,000 in the statements of operations for the years ended December 31, 2020 and 2019, respectively.

NOTE 13. COVID-19 CONSIDERATIONS

The Company's ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to COVID-19. The duration and intensity of these impacts and resulting disruption to which these events affect the Company's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

NOTE 14. SUBSEQUENT EVENTS

In the first quarter of 2021, the Company canceled an area development agreement in Boston, MA due to COVID-19 pursuant to the contract. As a result, the Company returned the $35,000 amount received as payment during 2020.

Management has evaluated subsequent events through October 28, 2021 the date the financial statements were available to be issued.

Exhibit "H"

Estrella Franchising Corp.
Franchisee Disclosure Questionnaire

You (either individually or as a principal of a corporation, partnership or limited liability company and on such entity's behalf) are preparing to enter into an Area Representative Agreement for the operation of a business of soliciting prospective franchisees and assisting the franchisees in operating an insurance agency under the "Estrella Insurance" or "800-CARINSURANCE" trade names. In addition, you may be required to operate your own insurance agency. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that were not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Area Representative Agreement and each exhibit and schedule attached to it? Yes ___ No ___

2. Do you understand all of the information contained in the Area Representative Agreement and each exhibit and schedule attached to it? Yes ___ No ___

If no, what parts of the Area Representative Agreement do you not understand? (Attach additional pages, if necessary)

____
____
____
____
____
____

3. Have you received and personally reviewed the Franchise Disclosure Document we provided to you? Yes ___ No ___

4. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? Yes ___ No ___

5. Do you understand all of the information contained in the Franchise Disclosure Document? Yes ___ No ___

If no, what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

____
____
____
____

____
____

6. Have you discussed the benefits and risks of operating the franchise with an attorney, accountant or other professional advisor, and do you understand those risks? Yes ___ No ___

7. Do you understand that the success or failure of your franchise will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors? Yes ___ No ___

8. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the revenue, profits or operating costs of franchises operated by Franchisor or its affiliates or franchisees? Yes ___ No ___

8.A. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning the revenue, profit or operating costs of franchises operated by Franchisor or its affiliates or franchisees that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes ___ No ___

9. Has any employee or other person speaking on behalf of Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchise? Yes ___ No ___

9.A. Has any employee or other person speaking on behalf of Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes ___ No ___

10. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning the total amount of revenue the franchise will generate? Yes ___ No ___

10.A. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning the total amount of revenue the franchise will generate that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes ___ No ___

11. Has any employee or other person speaking on behalf of Franchisor made any statement or promise regarding the costs you may incur in operating the franchise? Yes ___ No ___

11.A. Has any employee or other person speaking on behalf of Franchisor made any statement or promise regarding the costs you may incur in operating the franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes ___ No ___

12. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning the revenue, profits, operating costs or the likelihood of success that you should or might expect to achieve from operating the franchise? Yes ___ No ___

12.A. Has any employee or other person speaking on behalf of Franchisor made any statement or promise concerning the revenue, profits, operating costs or the likelihood of success that you should or might expect to achieve from operating the franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes ___ No ___

13. Has any employee or other person speaking on behalf of Franchisor made any statement, promise or agreement concerning advertising, marketing, training, support service or assistance that Franchisor will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes ___ No ___

14. Do you understand the limitations of the Financial Performance Representations in Item 19, if any?
Yes ___ No ___

15. Has any employee or other person speaking on behalf of Franchisor made any statement, promise, or agreement concerning the financial condition or financial statements of a parent or affiliate of Franchisor? Yes ___ No ___

16. Did you make your decision to enter into the Area Representative Agreement based on the financial condition or financial statements of a parent or affiliate of Franchisor? Yes ___ No ___

17. In making your decision to enter into the Area Representative Agreement, have you relied on any promises of Franchisor which are not contained in the Area Representative Agreement? Yes ___ No ___

If you have answered "Yes" to any of the questions 8. through 17., please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

____
____
____
____
____
____
____
____

You understand that your answers are important to us and that we will rely on them in entering into the Area Representative Agreement with you. Nothing in this Franchisee Disclosure Questionnaire is intended to disclaim any of the representations in our Franchise Disclosure Document.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

_______________________, 20___ ____

_______________________, 20___ ____

Exhibit "I"

State Addenda

EXHIBIT I TO THE FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

THIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT ("Addendum") sets forth modifications to the Franchise Disclosure Document ("FDD") for purposes of offering franchises in the State of California (the "State").

WHEREAS, the State has certain laws and regulations affecting the sale of franchises; and

WHEREAS, Franchisor desires to comply with all such applicable laws and regulations of the State.

NOW, THEREFORE, the FDD is hereby modified as follows solely to the extent that the laws of the State require such modifications be made to the FDD and apply to either the parties or the transactions described, without acknowledging the application of such laws:

1. The Cover Page of the FDD is modified by adding the following Risk Factors:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

OUR WEBSITE www.estrellainsurance.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

THE FRANCHISE AGREEMENT REQUIRES YOU TO VOLUNTARILY AND KNOWINGLY WAIVE THE RIGHTS, PROTECTIONS, AND BENEFITS YOU WOULD BE ENTITLED TO UNDER CALIFORNIA CIVIL CODE SECTION 1542. THIS STATUTE PROTECTS PEOPLE WHO SIGN A RELEASE FROM INADVERTENTLY RELEASING CLAIMS THAT THEY DID NOT KNOW EXISTED WHEN THEY SIGNED THE RELEASE. YOU WILL LOSE THESE PROTECTIONS WHEN YOU SIGN THE FRANCHISE AGREEMENT.

2. Item 17 to the FDD is modified by adding the following provisions:

If you must sign a general release of claims upon renewal or transfer of the franchise agreement, California Corporate Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professional Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professional Code Section 20000-20043).

California Corporations Code, Section 31125 requires Franchisor to give you a disclosure document, approved by the Department of Business Oversight before a solicitation of a proposed material modification of an existing franchise.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the franchise agreement is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy, this provision may not be enforceable under Federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

If the franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise, this provision may not be enforceable under California law.

If the franchise agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The California franchise investment law requires a copy of all proposed agreements relating to the franchise be delivered together with the offering circular.

If the franchise agreement provides for waiver of jury trial, this provision may not be enforceable under California law.

Neither Franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1939, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

THIS ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is effective as of the date of execution of the Franchise Agreement between Estrella Franchising Corp. ("Franchisor") and ______________________ ("Franchisee"), dated ___________ (the "Franchise Agreement").

BACKGROUND

Contemporaneous with the execution of this Addendum, the parties have entered into a Franchise Agreement for the operation of an Estrella franchise in _________, California.

The parties desire by this Addendum to amend certain terms of the Franchise Agreement entered into simultaneously herewith so as to comply with California law.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree that, solely to the extent the laws of California apply to the parties (without acknowledging such application), the following shall apply to the extent required by applicable law:

1. COVENANTS - Section 13.1 of the Franchise Agreement is modified by inserting the following sentence at the end of the last paragraph in that section:

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may be unenforceable under California law.

2. DEFAULT AND TERMINATION - Section 11.1 of the Franchise Agreement is modified by inserting the following sentence at the end of the paragraph:

The franchise agreement provides for termination upon bankruptcy. This provision may be unenforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq).

3. APPLICABLE LAW - Sections 18.10 and 18.11 of the Franchise Agreement are modified by inserting the following sentence at the end of the paragraph:

The franchise agreement requires application of the laws of Florida. This provision may be unenforceable under California law.

4. LIQUIDATED DAMAGES FOR PREMATURE TERMINATION. - Section 12.8 of the Franchise Agreement is modified by inserting the following sentence at the end of the paragraph:

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

5. WAIVER OF JURY TRIAL. - Section 18.13 of the Franchise Agreement is modified by inserting the following sentence at the end of the paragraph:

The franchise agreement provides for waiver of jury trial, this provision may not be enforceable under California law.

6. ENTIRE AGREEMENT. - Section 18.20 of the Franchise Agreement is modified by inserting the following sentence at the end of the paragraph:

Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

This Addendum shall modify the Franchise Agreement only to the extent expressly provided herein, and all other terms, conditions and obligations of the Franchise Agreement shall continue to remain in full force and effect. All initially capitalized terms not otherwise defined in this Addendum shall have the same meaning as defined in the Franchise Agreement

Witness:	ESTRELLA FRANCHISING CORP.
__________________________	By: _______________________________
__________________________	Its: _______________________________
	FRANCHISEE:
	__________________________________
__________________________	By: _______________________________
___________________________	Its: _____________________________________.

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

The FDD is hereby modified as follows solely to the extent that the laws of the State apply to either the parties or the transactions described, without acknowledging the application of such laws:

1. The State Cover Page has been modified by deleting the following Risk Factor:

THE PARTIES WAIVE THEIR RIGHT TO A JURY TRIAL WITH RESPECT TO DISPUTES RELATING TO THE FRANCHISE AGREEMENT.

2. ITEM 17 is modified by adding the following paragraph:

The conditions under which the franchise can be terminated and Franchisee's rights upon non-renewal may be affected by Illinois Law (815 ILCS 705/19 and 705/20).

3. ITEM 17 (w) is modified by adding the following paragraph:

Illinois law (815 ILCS 705/4) provides that: "Any provision in the franchise agreement that designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which is otherwise enforceable in the State of Illinois, however, a franchise agreement may provide for arbitration in a forum outside of this State."

Sec 41 of the Illinois Franchise Disclosure Act states that: Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

4. ITEM 17 (v) is modified by adding the following paragraph:

Illinois law governs the franchise agreement for Illinois franchisees.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

This Addendum to Franchise Agreement ("Addendum") is effective as of the date of execution of the Franchise Agreement by and between Estrella Franchising Corp. ("Franchisor") and ____________________ ("Franchisee"), dated _________________ (the "Franchise Agreement").

The parties desire by this Addendum to amend certain terms of the Franchise Agreement entered into simultaneously herewith so as to comply with Illinois law.

1. Section 18.11 (Jurisdiction and Venue) of the Franchise Agreement is modified by adding the following:

All litigation with Illinois franchisees will be commenced in Illinois and that Illinois law will govern Agreements with Illinois franchisees.

2. Section 18.10 (Governing Law) of the Franchise Agreement is modified by adding the following:

Illinois law governs the franchise agreement for Illinois franchisees.

3. Sections 11.2 (Termination by the Franchisor—After Notice) and 16 (Term) of the Franchise Agreement is modified by adding the following:

The conditions under which the franchise can be terminated and Franchisee's rights upon non-renewal may be affected by Illinois Law (815 ILCS 705/19 and 705/20).

Sec 41 of the Illinois Franchise Disclosure Act states that: Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of Illinois is void.

This Addendum shall modify the Franchise Agreement only to the extent expressly provided herein, and all other terms, conditions and obligations of the Franchise Agreement shall continue to remain in full force and effect. All initially capitalized terms not otherwise defined in this Addendum shall have the same meaning as defined in the Franchise Agreement.

Witnesses:	ESTRELLA FRANCHISING CORP.
_________________________	By: ______________________________
_________________________	Its: ______________________________
	FRANCHISEE:
_________________________	By: ______________________________

________________________ Its: _____________________________

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA

THIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT ("Addendum"), sets forth modifications to the Franchise Disclosure Document ("FDD") for purposes of offering franchises in the State of Indiana (the "State").

INTRODUCTION:

A. The State has certain laws and regulations affecting the sale of franchises; and

B. FRANCHISOR desires to comply with all such applicable laws and regulations of the State.

NOW, THEREFORE, the FDD is hereby modified as follows solely to the extent that the laws of the State apply to either the parties or the transactions described without acknowledging the application of such laws:

1. ITEM 12 of the FDD is modified by adding the following paragraph:

Indiana Statute 23-2-2.7-1 provides that it is unlawful for any franchise agreement to contain a provision allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or if no exclusive territory is designate, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

2. ITEM 17 of the FDD is modified by adding the following paragraphs:

Indiana Code 23-2-2.7-1 provides that it is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. The foregoing does not apply to arbitration before and independent arbitrator.

Limiting litigation brought for breach of the agreement in any manner whatsoever (except to the extent permitted by the Federal Arbitration Act (9 U.S.C. Section 1 *et seq.*)

Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in the absence of such an agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

3. ITEM 17 of the FDD is further modified by adding the following paragraphs:

Indiana has statutes that may limit FRANCHISOR's ability to restrict your activity after the Franchise Agreement has ended.

Notwithstanding anything to the contrary provided, if and to the extent required by applicable law, Indiana Franchise Laws must govern the Franchise Agreement and all related documents.

Subject to the provisions of the Franchise Agreement concerning mediation, the Franchisee, as the case may be, may bring any legal action against FRANCHISOR in Indiana.

Indiana has statutes that may invalidate liquidated damage provisions.

Indiana Statute 23-2-2.7-1(5) may prohibit requiring the Franchisee to prospectively assent to providing a release that purports to relieve any person from liability under Indiana franchise laws.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA

THIS ADDENDUM TO FRANCHISE AGREEMENT (“Addendum”), is effective as of the date of execution of the Franchise Agreement by and between ESTRELLA FRANCHISING CORP. (“Franchisor”) and ____ (“Franchisee”, dated _______, ____ (the “Franchise Agreement”).

BACKGROUND

Contemporaneous with the execution of this Addendum, the parties have entered into a Franchise Agreement for the operation of an Estrella franchise in ____________, Indiana.

The parties desire by this Addendum to amend certain terms of the Franchise Agreement entered into simultaneously herewith so as to comply with Indiana law.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree that, solely to the extent the laws of Indiana apply to the parties (without acknowledging such application), the following shall apply to the extent required by applicable law:

1. Article 12 of the Franchise Agreement is hereby amended by adding the following provision:

Indiana has statutes that may limit the Franchisor’s ability to restrict the Franchisee’s activity after the Franchise Agreement has ended.

2. Section 16.2 is hereby amended by inserting the following paragraph:

Indiana Statute 23-2-2.7-1(5) may prohibit requiring the Franchisee to prospectively assent to providing a release.

3. Section 18.10 is hereby amended by inserting the following paragraph:

Notwithstanding anything herein to the contrary provided, if and to the extent required by applicable law, Indiana Franchise Laws must govern the Franchise Agreement and all related documents.

4. Section 18.11 is hereby amended by inserting the following paragraph:

Subject to the provisions of the Franchise Agreement concerning arbitration, if and to the extent required by applicable law, the Franchisee may bring any legal action against Franchisor in Indiana.

This Addendum shall modify the Franchise Agreement only to the extent expressly provided herein, and all other terms, conditions and obligations of the Franchise Agreement shall continue to remain in full force and effect. All initially capitalized terms not otherwise defined in this Addendum shall have the same meaning as defined in the Franchise Agreement.

Witness:	ESTRELLA FRANCHISING CORP.
________________________	By: ____________________________
________________________	Its: ____________________________
	FRANCHISEE:
________________________	By: ____________________________
________________________	Its: ____________________________

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

THIS **ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT** ("Addendum") sets forth modifications to the Franchise Disclosure Document ("FDD") for purposes of offering franchises in the State of Maryland (the "State").

ITEM 17 of the FDD is modified by adding the following paragraphs:

> The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
>
> A provision in the Franchise Agreement that terminates the Franchise upon the bankruptcy of the Franchisee may be unenforceable under the Federal Bankruptcy Law (11 U.S.C. Section 101 *et seq.*).
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
>
> A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

THIS **ADDENDUM TO FRANCHISE AGREEMENT** ("Addendum") is effective as of the date of execution of the Franchise Agreement by and between ESTRELLA FRANCHISING CORP. ("Franchisor") and ____ ("Franchisee"), dated ______________________ (the "Franchise Agreement").

BACKGROUND

A. Contemporaneous with the execution of this Addendum, the parties have entered into a Franchise Agreement for the operation of an Estrella franchise in ______________, Maryland.

B. The parties desire by this Addendum to amend certain terms of the Franchise Agreement entered into simultaneously herewith to the extent required by Maryland law.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree that, solely to the extent the laws of Maryland apply to the parties (without acknowledging such application), the following shall apply to the extent required by applicable law:

1. **TERM AND RENEWAL.** Section 16.2 is modified by adding the following paragraph:

> The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. **TRANSFERABILITY OF INTEREST.** Section 10.2 is modified by adding the following paragraph:

> The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **JURISDICTION AND VENUE.** Section 18.11 is modified by adding the following paragraph:

> A Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.'
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. **ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES.** Article 15 is modified by adding the following paragraph to the end:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

This Addendum shall modify the Franchise Agreement only to the extent expressly provided herein, and all other terms, conditions and obligations of the Franchise Agreement shall continue to remain in full force and effect. All initially capitalized terms not otherwise defined in this Addendum shall have the same meaning as defined in the Franchise Agreement.

This Addendum must be executed simultaneously with the Franchise Agreement.

Witness:	FRANCHISOR: ESTRELLA FRANCHISING CORP.
___________________	By: ________________________
___________________	Its: ________________________
	FRANCHISEE:
____________________	By: ________________________
____________________	Its: ________________________

NOTICE REQUIRED BY MICHIGAN LAW

If Estrella Franchising Corp., offers you a franchise, it must provide a disclosure document to you 10 business-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee’s inventory, supplies, equipment, fixtures, and furnishings.

Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor’s intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(1) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(2) The fact that the proposed transferee is a competitor of the franchisor.

(3) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(4) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(I) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

You have the right to request that ESTRELLA FRANCHISING CORP. arrange for the escrow of the initial fee and other funds paid to ESTRELLA FRANCHISING CORP. until its obligations to provide training are fulfilled.

Any questions regarding this notice should be directed to the Consumer Protection Division, Franchise Section, P.O. Box 30213, Lansing, Michigan 48913; Telephone Number: (517) 373-7117.

Franchisor's agent in this state authorized to receive service of process: Consumer Protection Division, Franchise Section, P. O. Box 30213, Lansing, Michigan 48913.

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

THIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT ("Addendum"), sets forth modifications to the Franchise Disclosure Document ("FDD") for purposes of offering franchises in the State of Minnesota (the "State").

WHEREAS, the State has certain laws and regulations affecting the sale of franchises; and

WHEREAS, ESTRELLA FRANCHISING CORP. desires to comply with all such applicable laws and regulations of the State.

NOW, THEREFORE, the FDD is hereby modified as follows solely to the extent that the laws of the State apply to either the parties or the transactions described, without acknowledging the application of such laws:

We will protect your rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minn. Stat. Sec. 80C.12, Subd. 1(g) states that Minnesota considers it unfair to not protect your right to use the trademarks.

With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statute 80C.14, Subd. 3, 4, and 5, which require (except in certain specific cases) (1) that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. 80C.21 and Minn. Rule 2860.4400(J) prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the law of the jurisdiction.

Minnesota law may limit our ability to unreasonably restrict your activity after the franchise agreement has ended.

A provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of a franchisee may be unenforceable under Title 11, United States Code Section 101.

Liquidated damage provisions are void under the law of the State of Minnesota.

Minnesota Rule 2860.4400J. states that it is unfair and inequitable for us to require you to waive your rights to any forum provided for by the laws of Minnesota or to waive your rights to a jury trial. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. A court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Minnesota Rule 2860.4400D. prohibits us from requiring you to assent to a general release.

Witness:	FRANCHISOR: ESTRELLA FRANCHISING CORP.
_________________________	By: ______________________________
_________________________	Its: ______________________________
	FRANCHISEE: _________________________________
_________________________	By: ______________________________
_________________________	Its: ______________________________

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

THIS ADDENDUM TO FRANCHISE AGREEMENT ("Addendum"), is effective as of the date of execution of the Franchise Agreement by and between Estrella Franchising Corp. ("Franchisor") and ______________________ ("Franchisee"), dated _________________ (the "Franchise Agreement").

BACKGROUND

Contemporaneous with the execution of this Addendum, the parties have entered into a Franchise Agreement for the operation of an Estrella franchise in _____________, Minnesota.

The parties desire by this Addendum to amend certain terms of the Franchise Agreement entered into simultaneously herewith so as to comply with Minnesota law.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree that, solely to the extent the laws of Minnesota apply to the parties (without acknowledging such application), the following shall apply to the extent required by applicable law:

We will protect your rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minn. Stat. Sec. 80C.12, Subd. 1(g) states that Minnesota considers it unfair to not protect your right to use the trademarks.

With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statute 80C.14, Subd. 3, 4, and 5, which require (except in certain specific cases) (1) that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. 80C.21 and Minn. Rule 2860.4400(J) prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the law of the jurisdiction.

Minnesota law may limit our ability to unreasonably restrict your activity after the franchise agreement has ended.

A provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of a franchisee may be unenforceable under Title 11, United States Code Section 101.

Liquidated damage provisions are void under the law of the State of Minnesota.

Minnesota Rule 2860.4400J. states that it is unfair and inequitable for us to require you to waive your rights to any forum provided for by the laws of Minnesota or to waive your rights to a jury trial. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. A court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Minnesota Rule 2860.4400D. prohibits us from requiring you to assent to a general release.

This Addendum shall modify the Franchise Agreement only to the extent expressly provided herein, and all other terms, conditions and obligations of the Franchise Agreement shall continue to remain in full force and effect. All initially capitalized terms not otherwise defined in this Addendum shall have the same meaning as defined in the Franchise Agreement.

Witness:	FRANCHISOR: ESTRELLA FRANCHISING CORP.
_________________________	By: ______________________________
_________________________	Its: ______________________________
	FRANCHISEE: _________________________________
_________________________	By: ______________________________
_________________________	Its: ______________________________

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF NEW YORK

This Addendum to the Franchise Disclosure Document ("Addendum") sets forth modifications to the Franchise Disclosure Document ("FDD") for purposes of offering franchises in the State of New York (the "State").

INTRODUCTION

The State has certain laws and regulations affecting the sale of franchises; and

Estrella Franchising Corp. desires to comply with all such applicable laws and regulations of the State.

NOW, THEREFORE, the FDD is modified as follows solely to the extent that the laws of the State apply to either the parties or the transactions described, without acknowledging the application of such laws:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

This Addendum to Franchise Agreement ("Addendum") is effective as of the date of execution of the Franchise Agreement by and between ______________________ ("Franchisor") and ___________________________ ("Franchisee"), dated ________________ (the "Franchise Agreement").

Contemporaneous with the execution of this Addendum, the parties have entered into a Franchise Agreement for the operation of an Estrella franchise in ___________, New York.

The parties desire by this Addendum to amend certain terms of the Franchise Agreement entered into simultaneously herewith so as to comply with New York law.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree that, solely to the extent the laws of New York apply to the parties (without acknowledging such application), the following shall apply to the extent required by applicable law:

1. Sections 18.10 and 18.11 of the Franchise Agreement entitled, "Governing Law" and “Jurisdiction and Venue” are amended by adding the following paragraph: "The foregoing choice of law should not be considered a waiver of any right conferred upon any party to this Agreement by the General Business Law of the State of New York, Article 33."

2. The Franchisee acknowledges that it received from Estrella Franchising Corp. a Franchise Disclosure Document for the State of New York with all exhibits referenced in the Franchise Disclosure Document on the following date: __________________

This Addendum shall modify the Franchise Agreement only to the extent expressly provided herein, and all other terms, conditions and obligations of the Franchise Agreement shall continue to remain in full force and effect. All initially capitalized terms not otherwise defined in this Addendum shall have the same meaning as defined in the Franchise Agreement.

Witness:	ESTRELLA FRANCHISING CORP.
________________________	By: __________________________ Its: __________________________
________________________	FRANCHISEE:
________________________	By ___________________________ Its: ___________________________
________________________	

AMENDMENT TO FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

This Franchise Agreement (the "**Agreement**") between Estrella Franchising Corp. ("Franchisor") and _________________________________ ("You") is amended by adding the following provisions, which shall be considered an integral part of the Agreement:

The North Dakota Securities Commissioner requires that certain provisions in the Agreement be amended by the following statements:

a. If the Agreement obligates you to execute a release of claims upon renewal of the franchise term, such obligation is void.

b. Covenants not to compete during the term, and upon termination or expiration, of the franchise term are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete that is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. To the extent the Agreement requires litigation to be conducted in a jurisdiction other than North Dakota, the requirement is void. Any litigation under the agreement shall be conducted in North Dakota or a mutually agreed upon location. The provisions of this paragraph are subject to the United States Arbitration Act (9 U.S.C. § 1 et seq.)

d. To the extent the Agreement requires that it is governed by a state law other than North Dakota, the requirement is void. Subject to any applicable federal law, North Dakota law shall govern the Agreement.

e. To the extent the Agreement requires payment of a termination penalty or liquidation penalty, the requirement is void.

f. To the extent the Agreement requires you to consent to a waiver of exemplary and/or punitive damages, the requirement is void.

g. To the extent the Agreement requires you to consent to a waiver of trial by jury, the requirement is void.

h. To the extent the Agreement requires that you consent to a limitation of claims under the North Dakota Franchise Investment Law, the requirement is void and the statute of limitations under North Dakota Franchise Investment Law will apply.

i. To the extent the Agreement requires that you consent to payment of all costs and expenses incurred under any action concerning a violation of the North Dakota Franchise Investment Law, the requirement is void. Under Section 51-19-12.3 of that law, the prevailing party in any such action is entitled to recover all costs and expenses, including attorney's fee.

AS TO ANY STATE LAW REFERRED TO IN THE FOREGOING AMENDMENTS TO THE FRANCHISE AGREEMENT THAT DECLARES VOID OR UNENFORCEABLE ANY PROVISION CONTAINED IN THE

FRANCHISE AGREEMENT, THE FRANCHISOR RESERVES THE RIGHT TO CHALLENGE THE ENFORCEABILITY OF THE STATE LAW BY BRINGING AN APPROPRIATE LEGAL ACTION OR BY RAISING THE CLAIM IN A LEGAL ACTION OR ARBITRATION THAT YOU HAVE INITIATED.

**ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Estrella Franchising Corp. for use in the Commonwealth of Virginia shall be amended as follows:

1. Item 17.h. of the Franchise Disclosure Document is amended by inserting the following statement:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. Item 17.t. of the Franchise Disclosure Document is amended by inserting the following statement:

> Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF VIRGINIA

THIS ADDENDUM TO FRANCHISE AGREEMENT ("Addendum") is effective as of the date of execution of the Franchise Agreement by and between Estrella Franchising Corp. and _____________________ ("Franchisee"), dated ________________ (the "Franchise Agreement").

1. Section 11.2.q of the Franchise Agreement is amended by adding the following statement:

> Section 11.2.q of the franchise agreement permits the franchisor to terminate the franchise agreement if the franchisee is in default under any other franchise agreement or other agreement between the franchisee and the franchisor. By statute, under Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him by any provision contained in the franchise.

Witness:	Franchisor
_______________________	By: _____________________ Print Name _______________________ Its: ______________________
	FRANCHISEE:
_______________________	By: _____________________ Print Name: ________________________ Its: ______________________

WASHINGTON STATE ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND FRANCHISEE QUESTIONNAIRE AND ANY RELATED AGREEMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this ___ day of __________________, ________.

ESTRELLA FRANCHISING CORP.	_______________________________________
_______________________________________	_______________________________________
FRANCHISOR	FRANCHISEE

* This addendum may also be used as a rider to the franchise disclosure document.

Exhibit "J"

Release

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "Release") is made as of __________ ___, 20___ by __________________________, a(n) ___________________ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Estrella Franchising Corp., a Florida corporation ("Franchisor") and together with the Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (the "Agreement") pursuant to which Franchisee was granted the right to own and operate an insurance agency;

WHEREAS, Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee, [enter into a successor franchise agreement] and Franchisor has consented to such transfer [agreed to enter into a successor franchise agreement]; and

WHEREAS, as a condition to Franchisor's consent to the transfer [Franchisee's ability to enter into a successor franchise agreement], Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent to the transfer [Franchisor entering into a successor franchise agreement], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims or obligations being terminated and released hereunder. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit and forever discharge Franchisor, and any and all of its affiliates, parents, subsidiaries or related companies, divisions and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business) or their reputation.

4. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Florida.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document. Facsimile signatures shall be deemed to be as valid as original signatures.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

h. The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.

IN WITNESS WHEREOF Releasor has executed this Release as of the date first written above.

FRANCHISEE

____________________________________,

a ___________________________________

By: _________________________________

Name: ______________________________

Its: __________________________________

FRANCHISEE'S OWNERS

____________________________________,

Print Name: ____________________________

Date: _________________________________

______________________________________,

Print Name: ____________________________

Date: _________________________________

______________________________________,

Print Name: ____________________________

Date: _________________________________

______________________________________,

Print Name: ____________________________

Date: _________________________________

State Effective Dates

The following states have franchise laws that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:
California, Hawaii, Illinois, Indiana, Maryland, Michigan Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date [Date or pending]
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Exhibit “K”

Receipt

RECEIPT

(Your Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit "A".

The name, principal business address and telephone number of each franchise seller offering the franchise:

□ Jose Merille, Estrella Franchising Corp., 1801 SW 3rd Avenue, Miami, FL 33129, 305-443-2829; and ____.

Issuance Date: April 11, 2022

See Exhibit "A" for our registered agents authorized to receive service of process.

I have received a disclosure document dated April 11, 2022**,** that included the following Exhibits:

Exhibit "A"	State Agencies and Administrators/Agents for Service of Process
Exhibit "B"	Intentionally Left Blank
Exhibit "C"	Area Representative Agreement
Exhibit "D"	Table of Contents of Confidential Operating Manual
Exhibit "E"	Area Representatives as of December 31, 2021
Exhibit "F"	Former Area Representatives as of December 31, 2021
Exhibit "G"	Financial Statements
Exhibit "H"	Franchisee Disclosure Questionnaire
Exhibit "I"	State Addenda and Amendments
Exhibit "J"	Release
Exhibit "K"	Receipt

____

Date Signature Printed Name

____

Date Signature Printed Name

KEEP THIS COPY FOR YOUR RECORDS. This disclosure document is also available in pdf format on our website, www.estrellainsurance.com.

RECEIPT

(Our Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Exhibit "I"	State Addenda and Amendments
Exhibit "J"	Release
Exhibit "K"	Receipt

____

Date Signature Printed Name

____

Date Signature Printed Name

PLEASE SIGN AND DATE THIS COPY OF THE RECEIPT AND RETURN IT TO:
Estrella Franchising Corp., 1801 SW 3rd Avenue, Miami, Florida 33129