FRANCHISE DISCLOSURE DOCUMENT

ESTRELLA FRANCHISING, LLC
A Florida limited liability company
1801 SW 3rd Avenue
Miami, Florida 33129
Phone: (305) 443-2829
franchise@estrellainsurance.com (E-mail address)
www.estrellainsurance.com (web address)

Pursuant to this disclosure document, we are offering the opportunity to become our area representative. As an area representative, you will procure and assist others to open and operate, insurance agencies and financial services 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 $149,950 to $284,000. This includes a Development Fee of between $100,000 and $200,00, plus the investment necessary to begin operations of one Estrella Agency, and includes $25,000 payable to us for the first Agency you must open. We may waive the obligation that an area representative open and operate one Agency; in such event, the Development Fee to develop a 10-unit territory will be $100,000.

This disclosure document summarizes certain provisions of your franchise agreement, 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, 2025

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 franchisees. 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 franchised outlets.
Will my business be the only ESTRELLA Area Representative business in my area?	Item 12 and the "territory" provisions in the franchise 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 franchisees. 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 franchise 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 franchise business or may harm your franchise 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 franchise 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 franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise 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 franchise business.

When your franchise ends. The franchise 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 franchise 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. **Out-of-State Dispute Resolution.** The franchise 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. **Minimum Sales Performance.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of territorial rights, termination of your franchise, and loss of your investment.
3. **Other Risks**. 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

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, LLC the franchisor. "You" means the individual who buys the franchise and if married, your spouse. We only enter into franchise 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 franchise agreement.

The Franchisor, Its Parent, Predecessors and Affiliates

We are a Florida limited liability company formed on May 4, 2023 in connection with the conversion of Estrella Franchising Corp. (our "Predecessor") into Estrella Franchising, LLC. 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, LLC, ***ESTRELLA INSURANCE***. We do not do business under any other name(s). We are related through common ownership to Estrella General Agency, LLC ("Estrella"), a Florida limited liability company formed on May 4, 2023 in connection with the conversion of Estrella Insurance, Inc. ("EI") into Estrella General Agency, LLC. EI 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's principal address is 1801 SW 3rd Avenue, Miami, Florida 33129. Our Predecessor offered franchises providing the type of business you will operate from its inception in January 2008 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.

On May 5, 2023, we were acquired by Confie Estrella, Inc. ("Confie Estrella"), a California corporation, our parent. Confie Estrella's address is 7711 Center Avenue, Suite 200, Huntington Beach, California 92647.

We have the following affiliates that offer franchises in the insurance industry: Velox Franchise Company, LLC, a Georgia limited liability company formed on December 6, 2018 ("Velox"). Velox's address is 440 Ernest Barrett Parkway, Suite 34, Kennesaw, Georgia 30144. Velox is owned by Velox Insurance, LLC ("VIL"), a Georgia limited liability company. VIL has the same business address as Velox. VIL is wholly owned by Confie Risk Solutions, LLC, a California limited liability company ("CRS"). CRS' address is 7711 Center Avenue, Suite 200, Huntington Beach, California 92647. CRS has one parent, Confie Holding II, Co., a California corporation ("CH II"). CH II's business address is 7711 Center Avenue, Suite 200, Huntington Beach, California 92647; Freeway Insurance Services of America, LLC ("Freeway"), an Illinois limited liability company. Freeway's business address is Freeway is owned by CRS; InsureOne Insurance Services America, LLC ("InsureOne"), an Illinois limited liability company. Insure One's business address is 7711 Center Avenue, Suite 200, Huntington Beach, California 92647. InsureOne is owned by CRS; ExpressLink, Inc. ("Express"), a California corporation. Express' business address is 7711 Center Avenue, Suite 200, Huntington Beach, California 92647. Express is owned by CRS; Aggressive Insurance Services, LLC ("Aggressive"), a Texas limited liability company. Aggressive's business address is 701 B Street, FL 6, San Diego, California 92101-8156. Aggressive is owned by Bluefire Insurance Services, LLC ("Bluefire"), a California limited liability company. Bluefire's business address is 7711 Center Avenue, Suite 200, Huntington Beach, California 92647. Bluefire is in turn owned by CHII; All Star General Insurance Agency, Inc. ("All Star"), a California corporation. All Star's business address is 7711

Center Avenue, Suite 200, Huntington Beach, California 92647. All Star is owned by Bluefire; MultiState Insurance Services, LLC ("MultiState"), a California limited liability company. Multistate's business address is 7711 Center Avenue, Suite 200, Huntington Beach, California 92647. MultiState is owned by Bluefire.

The Franchisor's Business

We offer and sell the ***ESTRELLA INSURANCE*** franchises described in this Franchise Disclosure Document. We began offering ***ESTRELLA INSURANCE*** franchises as of April 2008 and ***800-CARINSURANCE*** franchises as of April 2021. We no longer offer 800-CARINSURANCE franchises. We began offering Area Representative franchises in October 2021. They operate under the same franchise system. 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. As of the date of this Franchise Disclosure Document, we have 214 ***ESTRELLA INSURANCE*** franchises in operation, all of which are Commercial Office Locations.

The ESTRELLA INSURANCEFRANCHISE

Under the ***ESTRELLA INSURANCE*** brand Franchise Agreement (the "Franchise Agreement"), which is Exhibit "B" to this Franchise Disclosure Document, if you are qualified, you will be granted the right to operate an insurance agency and financial services business (the "Franchised Business") from a specified Commercial Office or Home-Based location (the "Location").

The Franchise Agreement gives you the right to operate the Franchised Business under the name and service mark "***ESTRELLA INSURANCE*** and other trademarks, service marks, trade names, logotypes, designs, insignia and symbols designated by us from time to time (all referred to as the "Trademarks"). You must operate in accordance with the standards and procedures designated by us (the "System").

In addition to granting franchises for individual Franchised Businesses, we also offer, pursuant to a separate franchise disclosure document, the right for certain franchisees that fit our criteria to become Area Developers ("Developers"). Developers sign an Area Development Agreement ("Area Development Agreement"), under which they will open and operate a predetermined number of Franchised Businesses in a specified geographic area ("Development Territory") according to a schedule ("Development Schedule"). Each Franchised Businesss operates under its own Franchise Agreement, the terms of which may differ from those in the form of Franchise Agreement attached to this Disclosure Document. As of the date of this Disclosure Document, we have 6 Developers.

Pursuant to this disclosure document, we are offering the opportunity to become an Area Representative to procure and assist others to open and and operate insurance agencies and financial services businesses under our Trademark and System within a designated territory described on Exhibit "2" to the Area Representative Agreement, which Area Representative Agreement is attached to this disclosure document as Exhibit C. In consideration of the rights granted in the Area Representative Agreement, the Representative must: (i) open and continue to operate on its own behalf pursuant to, a Franchise Agreement, at least one Agency throughout the term of the Franchise Agreement; 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. 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. In addition to its right and obligation to market ESTRELLA franchises within the designated territory, Representative is responsible for discharging Franchisor's obligations, when and as due to Franchisor's Franchisees, within the territory pursuant to each Franchise Agreement between Franchisor and such Franchisee. Although Area Representatives are typically required to operate at least one Agency, Franchisor reserves the right to waive the requirement that Representative own and operate at least one Agency. As of the date of this disclosure document, we have 4 Area Representatives.

Industry Regulations

In addition to laws and regulations that apply to businesses generally, the Franchised Business is subject to insurance licensing requirements. These requirements vary from state to state. 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 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

President and Director – Nicolas Estrella, Jr.

Mr. Estrella has been our President since May 5, 2023. From April 2014 to May 5, 2023, Mr. Estrella was our Chief Executive Officer . Mr. Estrella 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.

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

Mr. Merille has been our Vice President since May 5, 2023. From April 2014 to May 2023, Mr. Merille was our President. Mr. Merille has been a Director since our incorporation

Director of Operations – Richard N. Estrella

Mr. Estrella has been our 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.

Director of Audit and Compliance – Lidia Lily Hernandez

Ms. Hernandez has been our Director of Audit and Compliance since October 2012.

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.

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.

Territory Manager – Jose Esteban Sanchez.

Mr. Sanchez has been a Territory Manager since November 2014.

Territory Manager – Marco Tulio Mena

Mr. Mena has been a Territory Manager in Texas, since March 1, 2019.

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

Shondreika Brown and Terry Lampkin, individually and on behalf of all others similarly situated v. Estrella Franchising, LLC d/b/a/ Estrella Insurance. Case No.: 2025-004978-CA-01. On March 10, 2025, Terry Lampkin and on March 20, 2025, Shondreika Brown filed separate complaints against Estrella on behalf of himself/herself and others similarly situated stemming from a cybersecurity incident that occurred on or about January 22, 2025. The complaints alleged that Estrella was negligent in protecting its customers' Personally Identifiable Information resulting in an attack by an unauthorized third party. The complaints sought class action status and damages for those whose private information may have been exposed, and requests Estrella to implement and/or maintain measures to further enhance its data security. The complaints were subsequently consolidated.

On April 9, 2025, Terry Lampkin and Shondreika Brown filed, with the court, an Unopposed Motion for Preliminary Approval of Settlement and Certification of Settlement Class. Estrella denies the allegations and contends that it acted reasonably and promptly when the company became aware of the cybersecurity incident. There is no admission of liability and Estrella will receive a full and complete final settlement with release of all claims related to the cyber-security incident once approved by the *Brown* court. The Class Members will be all individuals residing in the United States whose Personal Information was accessed because of the cybersecurity incident Estrella experienced on or around

January 2025.

Except as described above, 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

Franchise Agreement

a. Commercial Office. The initial franchise fee for your first Commercial Office franchise is $25,000. The initial franchise fee is due in full at the time of signing the Franchise Agreement. If you fail to satisfactorily complete our training program or do not obtain the required licenses, we can terminate the Franchise Agreement. If we do, we will return the initial franchise fee to you, less our costs incurred in soliciting, qualifying and training you. If you fail to find an acceptable Commercial Office Location within 90 days from the day you sign the Franchise Agreement, we can terminate the Franchise Agreement. If we do, we will return 90% of the initial franchise fee to you. If you are a franchisee in good standing, you may acquire a second franchise for $20,000 and a third for $16,000. In addition, if you are an existing insurance agency, having been in business for at least 12 months, you may qualify for a conversion franchise, with an initial franchise fee of $16,000. All of the franchise fees associated with these franchises are payable in a lump sum when you sign the Franchise Agreement. As to all initial franchisee fees, if you meet our criteria, we may at our discretion, extend financing to you for all or a part of the initial franchise fee (see Item 7). The terms of this financing are set forth in Item 10.

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 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 range from $100,000 to $200,000. 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.

Area Representative Agreement

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.

Franchise Agreement

OTHER FEES			
TYPE OF FEE	**AMOUNT**	**DUE DATE**	**REMARKS**
Royalty Fee	14% of Net Commissions	Following month	The Royalty Fee will be 14% of Net Commissions. "Net Commissions" are defined to include all fees, commissions and other amounts, regardless of name, description or title, to which you are entitled from the sale of any and all forms of insurance, less cancellations. We have negotiated commission structures with those insurance companies with whom you are authorized to do business under the System. For franchisees whose royalty fee is less than 14%, we reserve the right to increase the royalty fee on not less than 180 days' written notice to you, but the royalty fee will not exceed 14% of Net Commissions.
Marketing Fund	7% of Net Commissions	Following month	We require you to contribute to the Marketing Fund.
Late Payment	1.5% per month	When payment is overdue	If you fail to pay any amounts due us by the 15th day of the month following the month they accrued, you are subject to interest at the rate of 1.5% per month (18% per annum) from the date due until the date paid.
Liquidated Damages	A minimum payment of $1,000 x remaining months of the term of your Franchise Agreement	If you have defaulted, or if you have a cure period, you have failed to cure within the cure period	We charge a termination fee, in addition to the right to seek damages and other relief for your breaches.
Renewal Fee	$5,000	At the time of renewal	We charge a renewal fee if you are entitled to and desire to renew your Franchise Agreement. There are other requirements in connection with a renewal. (See Item 17)
Supplier Approval	Actual cost	Upon invoice	In connection with reviewing a supplier of products and/or services proposed by you, you will be responsible for reimbursement of any costs we may incur in evaluating the proposed supplier.

OTHER FEES			
TYPE OF FEE	**AMOUNT**	**DUE DATE**	**REMARKS**
Additional Training	Current Fee	Upon invoice	If we train more than the number of persons specified in the Franchise Agreement, you must pay us a training fee, at our rate in effect at the time of the training.
Transfer Fee	\$7,500 to \$17,500	Before transfer is effective	We charge a transfer fee of \$7,500 when the Franchise Agreement or any ownership interest in the person/entity owning the Franchise Agreement is transferred to an existing franchisee. If the transferee is not an existing franchisee the transfer fee is \$17,500. There are other conditions for transfer. (See Item 17)
Audit	Actual cost of audit, plus interest on overdue amounts	Upon invoice	If we audit your books and records and find that your records are misstated by more than 2%, we will require you to pay the costs of the audit. You will also be required to pay interest on past-due amounts at the rate of 1.5% per month (18% per annum) from the date due until the date paid.
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 Franchised Business.
Attorney's Fees	Will vary under circumstances	As incurred	You are responsible for 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.
Management Fee	Cost, plus current fee	As incurred	In certain circumstances, such as death or mental incapacity, we may, at our sole discretion, provide a manager for the Franchised Business. We will be reimbursed for all compensation and living costs incurred in providing the manager and we will receive in addition to the royalty, a management fee.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Area Representative with Franchise Agreement for Commercial Office

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]	$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 [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
Signage [6]	$2,200 to $4,500	Per Vendor	Per Vendor	Vendors
Insurance [7]	$3,000 to $5,000	Lump Sum	Before opening	Insurance Company
Training Expenses [8]	$500 to $2,500	Cash	Before Opening	Transportation, Hotels and Restaurants
Security Deposits, Utility Deposits, Business Licenses and Other Prepaid Expenses [9]	$1,500 to $4,000	Lump Sum	Before Opening	Landlord, Suppliers, Utilities, State & Local Agencies
New Agency Package [10]	$250 to $500	Lump Sum	Before Opening	Us
Fictitious Name Registration and/or Incorporation and Legal Review [11]	$500 to $1,000	Lump Sum	Before Signing Franchise Agreement	Third Parties
Miscellaneous [12]	$500 to $1,500	As Required	As Required	See Note 12
Additional Funds (3 months) [13]	$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.

[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] 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.

[7] 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 Franchise Agreement.

[8] 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.

[9] 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.

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

[11] 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.

[12] 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.

[13] 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.

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.

We do not offer financing directly or indirectly for any part of the initial investment, except for the initial franchise fee. (See Item 10) 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.

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. You must use our Agency Management Software (See Item 11).

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 2024, our affiliate EGA, collected a total of $15,903,950 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.

You must provide us with a copy of the executed lease for your ***ESTRELLA INSURANCE*** office. The lease must include certain terms and conditions, either as part of the lease itself or as an addendum. These are set out in the Franchise Agreement.

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 Franchise 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, although in considering renewal of your Franchise Agreement, we will review your compliance with our System requirements.

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 FRANCHISE AGREEMENT**	**SECTION IN AREA REPRESENTATIVE AGREEMENT**	**FRANCHISE DISCLOSURE DOCUMENT ITEM**
a. Site selection and acquisition/lease	2.1; 7.1	7(f)(ii)	11
b. Pre-opening purchases/leases	7.1	None	7
c. Site development and other preopening requirements	7.1	None	7 and 11
d. Initial and ongoing training	8.1	4(b), 7(i)	7 and 11
e. Opening	7.1(b)	2(b)	11
f. Fees	4.1 - 4.10	5	5, 6 and 7
g. Compliance with standards and policies/operating manuals	7.1 - 7.8	4(c), 7(a), 7(e), and 9(a)	8 and 11
h. Trademarks and proprietary information	5.1 - 5.9; 10.1 - 10.2	6	13 and 14
i. Restrictions on products/services offered	7.2	7(f)(v)	16
j. Warranty and customer service requirements	7.10	None	N/A
k. Territorial development and sales quotas	2.1 - 2.3	2(b) and Exhibit "3"	12
l. Ongoing product/service purchases	7.1	None	8
m. Maintenance, appearance and remodeling	None	None	N/A
n. Insurance	7.5	16	7 and 8
o. Advertising	6.1 - 6.5	7(d), 7(g) – 7(i)	7 and 11
p. Indemnification	14.2	17	None

FRANCHISEE'S OBLIGATIONS COMMERCIAL OFFICE			
OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN AREA REPRESENTATIVE AGREEMENT	FRANCHISE DISCLOSURE DOCUMENT ITEM
q. Owner's participation/management/staffing	7.3; 8.1; 9.2	4(b), 7(b)	1, 11 and 15
r. Records/reports	4.6; 7.6	7(l)	None
s. Inspections/audits	7.6 - 7.7	7(n)	6
t. Transfer	9.1 - 9.5	11	6 and 17
u. Renewal	3.2 - 3.4	3(b)	6 and 17
v. Post-termination obligations	12.1 - 12.4	15	17
w. Non-competition covenants	10.1 - 10.2	10	17
x. Dispute resolution	13.1; 14.8; 14.16; 14.17; 14.18; 14.20; 14.21	19(f)	17
Other: Guaranty of Franchisee's obligations (1)	4, 8	13; Exhibit 5	15

Note 1: Each individual who owns an interest in a franchisee or Developer that is a business entity, must sign an agreement to discharge all obligations of the franchisee or Developer under the Franchise Agreement or Development Agreement.

ITEM 10. FINANCING

If you meet our credit standards, we will finance some or all of the initial franchise fee for a Commercial Office franchise over 1-year period at an interest rate of between 8% and 12% (provided you remain in good standing, we do not impose additional finance charges; but if you default we reserve the right to seek collection costs including attorneys' fees and charge a default interest at the highest legal rate), using the standard form note ("Note") in Appendix 1, to the Franchise Agreement. We require you, your spouse or all the owners of your business entity, to sign a personal guaranty of the Note. (Note, Franchise Agreement Section 1.) The Note can be prepaid without penalty at any time during its term. (Note, Franchise Agreement Section 4.) If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance and obtain our costs and attorney's fees if a collection action is necessary. (Note, Franchise Agreement Sections 6 and 8.) We also have the right to terminate the Franchise Agreement if you do not make your payments on time. (Franchise Agreement, Section 11.2.) You waive your rights to notice of a collection action and to assert any defenses to collection against us. (Note, Franchise Agreement Section 7.) We are unable to estimate whether you will be able to obtain financing for any other part of your investment and, if you are able to obtain financing, we cannot predict the terms of that financing. We do not receive payment from any person or persons for obtaining or placing financing.

In order to secure your prompt performance of your obligations under the Franchise Agreement (including any Note given for your initial franchise fee), you grant us a security interest in the franchise and the equipment, fixtures and improvements of the Franchised Business. You will execute our standard Security Agreement, attached to the Franchise Agreement as Exhibit “D”, in order to perfect this security interest. You will also execute a standard UCC-1 Financing Statement. If you default under the terms of the Franchise Agreement, by failing to make your Royalty, Marketing Fund, or Note payment on time, we can repossess the franchise and the equipment, fixtures and improvements at the agency.

Except as stated above, no contract or other instrument between us contains any waiver of defenses or similar provisions. We do not have any past or present practice, or any intent, to sell, assign, or discount to a third party, in whole or in part, any note, contract, or other instrument executed by you. We do not guarantee your note, lease or obligation.

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 – Franchise Agreement

Prior to opening of the Franchised Business, we are obligated under the Franchise Agreement to make available to you, or assist you in obtaining, the following:

A. Initial training at times and locations designated by us. (Franchise Agreement Section 8.1(a))

B. Loan you one copy of the Operations Manual, as may be revised from time to time. (Franchise Agreement Section 7.4) The Table of Contents of the Manual is attached as Exhibit “D” and the Manual contains approximately 303 pages.

C. Methods for recruiting and selecting personnel. (Franchise Agreement Section 8.2(a))

D. Typical design plans for a Commercial Office layout, showing placement and specifications of furniture and facilities and providing a plan for interior decoration with a required color coordination scheme, if you will be responsible for developing the Commercial Office Location. (Franchise Agreement Section 8.2(b))

E. Assistance in obtaining licenses to operate an insurance agency. (Franchise Agreement Section 8.2(c))

F. Assistance with pre-opening publicity. (Franchise Agreement Section 8.2(d))

G. Exterior sign design (Commercial Office only). (Franchise Agreement Section 8.2(g))

H. Accounting system for you to use and follow, as specified in the Operations Manual. (Franchise Agreement Section 8.2(h))

I. Assistance necessary to operate an on-line computer terminal. (Franchise Agreement Section 8.2(i))

J. If you are a Developer, designate your Development Territory as further described in Item 12. (Development Agreement, Section 2.1)

Obligations After Opening – Franchise Agreement

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

A. From time to time during the term of the Franchise Agreement, to determine the standards of quality, service, merchandising, and advertising. (Franchise Agreement Section 7.4)

B. Periodic inspections to provide advice, consultation or training, to enhance uniformity and quality control. (Franchise Agreement Section 8.3(a))

C. Assistance with local advertising and participation in regional advertising. (Franchise Agreement Section 8.3(b))

D. Supervise the Marketing Fund, as described in this Item of the Franchise Disclosure Document. (Franchise Agreement Section 6)

E. On-going assistance via telephone. (Franchise Agreement Section 8.3(d))

F. Other supervision, assistance, or services, although not obligated to do so. The nature of these no obligatory services will depend entirely on your needs and circumstances as determined by us. (Franchise Agreement Section 8.3(e))

Pre-Opening Obligations – Area Representative Agreement

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 – Area Representative Agreement

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"). 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 2024, the Marketing Fund spent its contributions on a percentage basis as follows: media placement 95%, creative 0%, administrative 0%, and production 5%.

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*** 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.

Under the Franchise Agreement, you authorize us to collect and contribute to the Marketing Fund any advertising monies or credits due from any distributors or other suppliers. We have the right to cause these suppliers to pay these amounts directly to us for contribution to the Marketing Fund. Those contributions will be in addition to all other amounts due or contributed under the Franchise Agreement.

Local Advertising

You may use your own advertising materials only after they have first been approved by us in writing. All materials on which ESTRELLA's proprietary marks are used must include the applicable designation of service mark or other designation as we may specify. We may require you to withdraw and/or discontinue the use of any promotional materials or advertising materials, even if previously approved, if, in our judgment, the materials or advertising may injure the ESTRELLA INSURANCE System. (Franchise Agreement Section 7.1)

Franchise Advisory Council

We have formed the Estrella Franchising National Advisory Council (the “Council”). The members are selected by the vote of all franchisees that are eligible to vote, with elections held once each year. The Council acts only in an advisory capacity and has no operational or decision making authority. We can dissolve the Council on written notice and the Council by-laws can be amended by the members of the 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.

Websites

You are only permitted to use our website or a website that we provide to you and may not advertise using (or reference the Trademarks on) any other website, bulletin board, other internet marketing site, or any current or future form of social media network or platform without our prior written approval. (Franchise Agreement, Section 5.11). If we provide a website to you, we will own the domain name and all content on the website will be maintained and modified by us. No changes can be made to any such website without our prior written consent.

Local Advertising and Promotion

Prior to use by you, samples of all marketing materials and descriptions of local promotional programs that you propose to use, that were not prepared or previously approved by us, are to be submitted to us for approval. If you have not received written approval from us within 15 days from the date we receive such materials or descriptions, you will not be able to use those materials or descriptions. You will not use any marketing materials that we have disapproved. You will also be responsible for your pro-rata share of Internet directory advertising.

Advertising – Area Representative

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 Operations Manual is attached to this Franchise Disclosure Document as Exhibit "D-1", and consists of approximately 303 pages. The Table of Contents of the Representative Franchise Manual is attached to the Franchise Disclosure Document as Exhibit "D-2", 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 shall 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 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

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 SSD 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.

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.

We reserve the right to suspend your use of our website, our Agency Management Software, and any other services provided by us or a third party for your benefit, in the event of a breach of the franchise agreement by you.

Training Programs

Before opening 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 for 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. (Franchise Agreement, Sec. 8) 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, 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.

Failure to complete the initial training program to our satisfaction or obtain required state licenses is grounds for us to elect to terminate the Franchise Agreement. (Franchise Agreement, Sec. 4.1)

We may require you and/or previously trained and experienced personnel to attend periodic refresher courses at locations designated by us or online. You will be responsible for all travel and living expenses that you and each person incur for any additional training program but there is no fee for additional training or refresher courses. There is no schedule for additional training or refresher courses; they are scheduled on an as-needed basis.

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	

The initial training program for Franchised Businesses includes 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 11-40 "Hands On" Operations (At Agency)	None	160	Miami, Florida
Total Hours	**80**	**160**	

ITEM 12. TERRITORY

Franchise Agreement

During the term of the Commercial Office Franchise Agreement and provided you are in full compliance with all of its terms, conditions and provisions, we will not grant a franchise and license for another Commercial Office Franchised Business nor operate a Commercial Office Franchised Business itself within an area lying within one (1) mile (measured in driving distance, taking into account natural and man-made barriers), of your Commercial Office Location (the "Territory"). We are not restricted from granting rights to operate Home-Based Locations, of any number or location, in the Territory. You do not receive the right or have the option to acquire additional franchises. If at the end of the first 24 months of operations and every 12 months afterwards, you have not achieved a minimum gross premium production of $600,000 per year, your Franchise Agreement is subject to termination. You may only operate your Franchised Business at the Location designated in the Franchise Agreement and approved by us, and you may not move your operation, except upon our written consent, subject to any rights granted to other franchisees. Our approval, if we give it, will be based on a variety of factors including the viability of the existing location, and demographics about the proposed location, and your compliance with the Franchise Agreement.

If your franchise is operated from a Home-Based Location, you do not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from your employees or contractors that you have engaged, or from other channels of distribution or competitive brands that we control.

We and our Affiliates retain the right: (a) to continue to own and operate, and allow others to continue to own and operate, competitive businesses operating under the Trademark and System existing inside of the Territory as of the issuance date of this disclosure document; (b) to establish, or grant to others the right to establish, competitive businesses outside of the Territory; (c) to establish and operate, and license others to establish and operate, competitive businesses under other systems using other proprietary marks, both within and outside the Territory; (d) to purchase or otherwise acquire the assets or controlling ownership of one or more competitive businesses (and/or acquire other franchisors or licensors of competitive businesses), some or all of which may be located anywhere, including within the Territory. If we purchase or acquire other franchisors or licensors of competitive businesses, we may, in our sole discretion, act as franchisor or licensor with respect to such other franchised or licensed systems wherever located. If we purchase or acquire one or more competitive businesses within the Territory which are not franchised or licensed, we may, in our sole discretion: (i) offer to sell any such competitive businesses to you or to any third party at the business's fair market value to be operated under the Trademark and System; or (ii) offer you the opportunity to operate such competitive business(es) in partnership with us (or an Affiliate) under the existing businesses existing trade name or a different trade name (e) to be acquired (regardless of the form of transaction) by any competitor, even if the competitor operates competitive businesses and/or franchises or licenses competitive businesses within the; and (f) to engage in any activities not expressly forbidden by this Agreement.

Furthermore, nothing limits in any way the services or products we or any of our Affiliates may sell or provide to anyone, anywhere, through any distribution system, outlets or methods (outright, through contract, joint ventures, Affiliates, franchising or otherwise), limits any business(es) we may participate in or limits our use of the ESTRELLA or *800-CARINSURANCE* names, the Trademarks or System in any insurance related or other business.

We do not restrict you from soliciting or accepting business from outside your Territory. However, you may not use alternative channels of distribution to make sales inside or outside your Territory.

We have not established other franchises or company owned outlets selling or leasing similar products or services under a different trade name or trademark and we do not have any presently formulated plan or policy to do so, although we may operate businesses or grant franchises if they are operated under a different name and/or if they offer different goods and services.

Area Representative Agreement

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 Franchise 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 Franchise Agreement, we grant you the right to operate your Franchised Business under ***ESTRELLA INSURANCE***. This is the principal trademark used to identify your Franchised Business and is owned by us. The following summarize the pertinent information concerning our principal trademarks as they pertain 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.

We also claim common law rights to the name ***800-CARINSURANCE***, which is a name we use in marketing.

We do not have a federal registration for the 800-CARINSURANCE trademark. Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the

800-CARINSURANCE trademark is challenged, you may have to change to an alternative trademark, 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 Franchise 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 Franchise 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 under the name ***ESTRELLA INSURANCE*** 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 Franchise 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 Franchise Agreement upon completion of the initial training program.

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 Franchise 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 Franchise 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 Franchise 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 Franchise 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 Franchise Agreement by executing the Guaranty and Assumption of Obligations, attached to the Franchise Agreement as Exhibit "C". You, and all such owners and spouses, are and will be continuously personally bound by the confidentiality and non-competition provisions of the Franchise Agreement. See Items 14 and 17 as to confidentiality of trade secrets, and covenants not to compete.

At our request, you must obtain and deliver executed Confidentiality, Non-Disclosure and Non-Competition Agreement, attached as Exhibit "E" to the Franchise Agreement, from any persons (and their spouses) who have or may have an ownership interest in you or in the franchise, and from all employees of the Franchised Business.

Area Representatives – If Area Representative is a Business Entity, all of its owners and their spouses must guaranty all of the obligations of the Area Representative by signing Exhibit 5 to the Area Representative Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must operate the Franchised Business in strict conformity with the Franchise 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 Franchise 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 franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

The Franchise Relationship

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
a. Length of the franchise term	Section 3.1	10 years
b. Renewal or extension of the term	Section 3.2	If you are not in default, you can extend for 2 periods of 10 years each.
c. Requirements for franchisee to renew or extend	Section 3.4	Not be in default; sign new Franchise Agreement (the terms and conditions of which may materially differ from the terms of your initial franchise agreement (including an increase in Royalty Fees and Marketing Fees, and a change of territorial protection); give notice; pay renewal fee; execute general release; meet current training standards.
d. Termination by franchisee	None	Not Applicable
e. Termination by franchisor without cause	None	Not Applicable
f. Termination by franchisor with cause	Sections 11.1 – 11.4	You must be in default
g. "Cause" defined-- curable defaults	Section 11.2	10 days' notice to cure non-payment; and 30 days' notice to cure: failure to comply with Operations Manual; failure comply with other terms of Franchise Agreement
h. "Cause" defined- non curable defaults	Section 11.3	Abandonment: bankruptcy (may not be enforceable); insolvency; attempted assignment; death or incapacity; underreporting; repeated defaults; misrepresentation; violation of law; failure to deposit premiums; soliciting employees of others; failure to attain minimum premium production; failure to timely find a Commercial Office Location; failure to complete training or secure licenses

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
i. Franchisee’s obligations on termination/nonrenewal	Section 12.1 – 12.5	Complete dis-identification; pay all amounts due; lose all rights; return Operations Manual; transfer telephone number(s)
j. Assignment of contract by franchisor	Section 9.1	We can freely assign; new owner must agree in writing to assume all obligations
k. "Transfer" by franchisee-defined	Section 9.2	Includes transfer of interest in Franchise Agreement, Franchised Business, or in corporation or partnership
l. Franchisor's approval of transfer by franchisee	Section 9.2	We have the right to approve all transfers
m. Conditions for franchisor's approval of transfer	Section 9.2	Transfer fee paid; you execute or deliver release; we give written approval
n. Franchisor's right of first refusal to acquire franchisee’s business	Section 9.4	30 days to match bona fide third-party offer; if we do nothing, no consent to proposed assignment
o. Franchisor's option to purchase franchisee’s business	None	Not Applicable
p. Death or disability of franchisee	Section 9.5	Transfer within 9 months, subject to our approval or we can terminate Agreement
q. Non-competition covenants during the term of the franchise	Section 10.2	No involvement with a competing business
r. Non-competition covenants after the franchise is terminated or expires	Section 10.2	No involvement in competing business for 2 years in Territory or within 50 miles of any Franchised or Business or similar business owned or operated by us or a related company
s. Modification of the agreement	Section 14.8	No modification, but Operations Manual and System subject to change
t. Integration/merger clause	Section 14.8	Only the terms of the Franchise Agreement are binding (subject to state law.) Any other promise may not be enforceable
u. Dispute resolution by arbitration or mediation	Section 13.1	Except for certain claims, claims, all disputes must be arbitrated in Florida (subject to state law)
v. Choice of forum	Section 14.17	Florida (subject to state law)
w. Choice of law	Section 14.17	Florida law applies (subject to state law)

The Area Representative 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.
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.

PROVISION	SECTION IN THE AREA REPRESENTATIVE AGREEMENT	SUMMARY
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.
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.

PROVISION	SECTION IN THE AREA REPRESENTATIVE AGREEMENT	SUMMARY
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 Representative Agreement	Section 10(a)	Cannot engage in any capacity in a competing business.
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 Franchise Agreement and Development 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.

Except for the Gross Revenue levels set forth below, which are solely for Commercial Office Locations, we do not make information available to prospective franchisees concerning actual, average, projected, or forecasted sales, profits, or earnings. We do not furnish or authorize our sales personnel to furnish any other oral or written information concerning the actual, average, projected, forecasted, or potential sales, costs, income or profits of a franchise. We specifically instruct sales personnel, agents, employees and officers that, other than as set forth in this Item 19, are not permitted to make any claims, or statements as to the earnings, sales, or profits, or prospects or chances of success, nor are they authorized to represent or estimate dollar figures as to a franchisee's operation. We will not be bound by any unauthorized representations as to earnings, sales, profits, or prospects or chances for success.

We recommend that prospective franchisees make their own independent investigation to determine whether or not the franchise may be profitable and consult with an attorney and other advisors of their own choosing prior to executing any agreement.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Bases and Assumptions

The agencies reviewed in connection with the preparation of the statement were all Commercial Office Locations, located either in a shopping center, with a strong, local anchor tenant or a neighborhood "strip" center. The typical customer is a low to middle income automobile owner and/or licensed driver, needing a full line of automobile insurance coverages.

The agencies reviewed were all Commercial Office Locations, located in the state of Florida, Arizona and California. These states all have a mandatory automobile insurance requirement. We do not have sufficient experience with home-based franchises to make any financial performance representations with respect to home-based franchises.

The statement and the information upon which it is based have not been audited or reviewed by any independently certified public accountant. No such accountant assumes any responsibility for them.

We provide financial performance representations only for “mature” franchised businesses that have been open for at least two complete years because we believe it takes two years to establish a foundation for the business. We do not believe it would be helpful to provide financial performance representations for the first two years because each franchisee develops their business at a different pace. After two years, the franchised business should be fully developed and growing.

In 2024, of the Commercial Office franchised agencies open at least two years as of December 31, 2024, approximately **72% (approximately 129 outlets)** had annual sales in excess of $2,500,000; approximately **62% (approximately 112 outlets)** had annual sales in excess of $3,000,000; approximately **46% (approximately 83 outlets)** had annual sales volumes in excess of $4,000,000; approximately **33% (approximately 59 outlets)** had annual sales volumes in excess of $5,000,000; and approximately **17% (approximately 31 outlets)** had annual sales in excess of $7,000,000; and **6% (approximately 11 outlets)** had sales in excess of $10,000,000. Note: The percentages exceed 100% as the categories are cumulative.

In 2024, the median sales volumes of the Commercial Office franchised agencies open at least two years, was $4,438,136. The highest and lowest annual sales volumes in 2024 of agencies operated by franchisees were $18,069,583 and $441,753.

	HIGH	**MEDIAN**	**LOW**
SALES	$ 16,658,320	$ 4,487,058	$ 2,076,416
PREMIUMS	$ 14,825,712	$ 4,047,655	$ 1,848,613
TOTAL COMMISSIONS	$ 1,832,608	$ 439,403	$ 227,803
COMMISSIONS ADJUSTMENTS	$ <30,032>	$ <4,209>	$ <2,215>
NET COMMISSIONS	$ 1,808,576	$ 435,194	$ 225,588

Notes

Sales: Total amount of gross premiums sold. (This is equivalent to Gross Revenues under the Franchise Agreement.)

Premiums: The cost associated with policies sold to insureds.

Commission adjustments: Adjustments as a result of refunds and/or credits to insureds for insurance cancellations or overpayments. It is reported net of any unearned premium received from either the insurance company, MGAs or the premium finance company, and fees which are additional revenues collected from the insured for preparation of the corresponding insurance application.

We do not provide any financial performance representations with respect to Area Representatives.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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, Estrella Franchising, LLC, 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 2022 to 2024

Outlet Type	Year	REPRESENTATIVES at the Start of the Year Estrella Insurance	REPRESENTATIVES at the End of the Year Estrella Insurance	Net Change Estrella Insurance
Area Representatives				
	2022	1	3	+2
	2023	4	6	+2
	2024	6	4	- 2
Total Outlets				
	2022	1	3	+2
	2023	4	6	+2
	2024	**6**	**4**	**-2**

Table 2
Area Representative Business
Transfers of Outlets from
Area Representatives to New Owners (other than the Franchisor)
For Years 2022 to 2024

State	Year	Number of REPRESENTATIVES Transfers Estrella Insurance
Florida		
	2022	0
	2023	0
	2024	0
Colorado		
	2022	0
	2023	0
	2024	**0**
New York		
	2022	0
	2023	0

State	Year	Number of REPRESENTATIVES Transfers Estrella Insurance
	2024	**0**
Texas		
	2022	0
	2023	0
	2024	**0**
Totals:		
	2022	0
	2023	0
	2024	**0**

Table 3
Area Representative Business
Status of Area Representative Outlets
For Years 2022 to 2024

State	Year	REPS at the Start of Year Estrella Insurance	REPS Added Estrella Insurance	Termination Estrella Insurance	Non-Renewals Estrella Insurance	Reacquired by Franchisor Estrella Insurance	Ceased Operations - Other Reasons Estrella Insurance	REPS at End of the Year Estrella Insurance
FL								
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	**2**	**0**	**0**	**0**	**0**	**0**	**2**
CO								
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	**1**	**0**	**0**	**0**	**0**	**0**	**1**
NY								
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	**1**	**0**	**1**	**0**	**0**	**0**	**0**
TX								
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	**2**	**0**	**1**	**0**	**0**	**0**	**1**
Total								
	2022	1	3	0	0	0	0	4
	2023	4	2	0	0	0	0	6
	2024	**6**	**0**	**2**	**0**	**0**	**0**	**4**

Table 4

Status of Company-Owned Outlets
For years 2022 to 2024

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							
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	**0**	**0**	**0**	**0**	**0**	**0**
CA							
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	**0**	**0**	**0**	**0**	**0**	**0**
FL							
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	**0**	**0**	**0**	**0**	**0**	**0**
TX							
	2022	2	0	0	0	2	0
	2023	0	0	0	0	0	0
	2024	**0**	**0**	**0**	**0**	**0**	**0**
NY							
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL							
	2022	2	0	0	0	2	0
	2023	0	0	0	0	0	0
	2024	**0**	**0**	**0**	**0**	**0**	**0**

Table 5
Area Representative Business
Projected Openings
As of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened Estrella Insurance	Projected New Franchised Outlet in the Next Fiscal Year Estrella Insurance	Projected New Company-Owned Outlet in the Next Fiscal Year Estrella Insurance
Florida	0	0	0
Colorado	0	0	0
New York	0	0	0
Texas	0	0	0
Total	**0**	**0**	0

Exhibit “E” lists the names of all operating Area Representatives and Commercial Office franchisees and their addresses and telephone numbers as of December 31, 2024. Exhibit “F” lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee or area representative who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under an Area Representative Agreement or Franchise 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, LLC 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, 2024, December 31, 2023, and December 31, 2022, 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 "B" – Franchise Agreement, with Exhibits attached:

- Exhibit "A" – Rider to Lease
- Exhibit "B" – Assignment of Franchise and Guaranty
- Exhibit "C" – Guaranty and Assumption of Obligations
- Exhibit "D" – Security Agreement
- Exhibit "E" – Confidentiality, Non-Disclosure, Non-Competition Agreement

Appendix 1 - Form of Promissory Note.

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.

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 **Corporation Service Corporation** **1201 Hays Street** **Tallahassee, FL 32301**

Exhibit "B"

Franchise Agreement

ESTRELLA INSURANCE

FRANCHISE AGREEMENT

ESTRELLA INSURANCE
FRANCHISE AGREEMENT

TABLE OF CONTENTS

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into this ____ day of ___________, 20___, by and between ESTRELLA FRANCHISING, LLC, a limited liability company organized under the laws of Florida ("FRANCHISOR") and _____________________________________ ("FRANCHISEE"), with reference to the following facts:

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

(i) the "***ESTRELLA INSURANCE***," name 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");

(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. Franchisor gives you the right to operate the Franchised Business under the name and service mark **ESTRELLA INSURANCE**, and other trademarks, service marks, trade names, logotypes, designs, insignia and symbols designated by us from time to time (all referred to as the "Trademarks"). Y must operate in accordance with the standards and procedures designated by us (the "System"); and

(iii) FRANCHISOR'S original model, requiring FRANCHISEE to operate from a fixed commercial space in the Territory ("Commercial Office Franchised Business") 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 Franchised Business").

B. FRANCHISEE desires to obtain a franchise and license to use the Trademark and remainder of the System in conjunction with the operation of one (1) Franchised Business, in accordance with the terms and conditions of this Agreement and the Operations Manual (as defined below).

WHEREFORE IT IS AGREED

ARTICLE 1.
GRANT OF FRANCHISE AND LICENSE

1.1. ***Grant.*** FRANCHISOR hereby grants to FRANCHISEE and FRANCHISEE hereby accepts, a license to use and display the Trademark, and to use the System, in connection with the operation of one (1) Franchised Business, upon the terms and subject to the provisions of this Agreement, during the term hereof.

ARTICLE 2.
LOCATION AND PROTECTED TERRITORY

2.1. ***Location.*** The above grant is to operate a single Franchised Business utilizing the System at the following location (the "Location") only: __________________________________. The type of Location is (***check as applicable***) __ Commercial Office Franchised Business, or __ Home-Based Franchised Business. If at the time of execution of this Agreement, a Location has not been selected, FRANCHISEE shall have ninety (90) days thereafter to find a site which FRANCHISOR has approved for the conduct of the Franchised Business, of the type checked above, and the FRANCHISOR and FRANCHISEE shall execute the Location Designation and Description of

Territory Addendum (the "Addendum"), at such time as selection and approval of the Location has occurred. FRANCHISEE will not operate any insurance related business or use the System (or any portion thereof, such as the Trademarks or any derivation thereof) at any other location or for any other purpose and FRANCHISEE will conduct no activities from the Location (other than, if the Franchised Business is a Home-Based Franchised Business, solely residential and non-commercial purposes as if the Location is the primary residential location for FRANCHISEE (or its owners if FRANCHISEE is an entity))--other than the operation of a single Franchised Business in the manner permitted by this Agreement and the Operations Manual for so long as this Agreement is in effect.

2.2. ***Protected Territory.***

a. Commercial Office: Excepts as described below, during the Term and provided FRANCHISEE has not defaulted under any of obligations under or arising out of the Agreement, FRANCHISOR will not grant a franchise for a Competitive Business nor operate a Competitive Business itself within the Territory (as defined below). Notwithstanding the foregoing, Franchisor and its Affiliates retain the right: (a) to continue to own and operate, and allow others to continue to own and operate, Competitive Businesses operating under the Trademark and System existing inside of the Development Territory as of the date of this Agreement; (b) to establish, or grant to others the right to establish, Competitive Businesses outside of the Territory; (c) to establish and operate, and license others to establish and operate, Competitive Businesses under other systems using other proprietary marks, both within and outside the Territory; (d) to purchase or otherwise acquire the assets or controlling ownership of one or more Competitive Businesses (and/or acquire other franchisors or licensors of Competitive Businesses), some or all of which may be located anywhere, including within the Territory. If Franchisor purchases or acquires other franchisors or licensors of Competitive Businesses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such other franchised or licensed systems wherever located. If Franchisor purchases or acquires one or more Competitive Businesses within the Territory which are not franchised or licensed, Franchisor may, in its sole discretion: (i) offer to sell any such Competitive Businesses to Franchisee or to any third party at the business's fair market value to be operated under the Trademark and System; or (ii) offer Franchisee the opportunity to operate such Competitive Business(es) in partnership with Franchisor (or an Affiliate) under the existing businesses existing trade name or a different trade name (e) to be acquired (regardless of the form of transaction) by any Competitor, even if the competitor operates, Competitive Businesses and/or franchises or licenses Competitive Businesses within the Territory; and (f) to engage in any activities not expressly forbidden by this Agreement. Furthermore, nothing in this or any other agreement with FRANCHISEE limits in any way the services or products FRANCHISOR or any of its Affiliates may sell or provide to anyone, anywhere, through any distribution system, outlets or methods (outright, through contract, joint ventures, Affiliates, franchising or otherwise), limits any business(es) FRANCHISOR may participate in or limits FRANCHISOR'S use of the Trademarks or System in any insurance related or other business. The "Territory" is an area lying within one (1) mile (measured in driving distance at the time of any grant or initiation of any operation of a business subject to this paragraph, taking into account natural and man-made barriers), of the Location and described on the Addendum hereto (the "Territory").

b. Home-Based: A FRANCHISEE that operates a Home-Based Franchised Business does not receive a protected territory.

2.3. ***Relocation.*** FRANCHISEE may relocate the Franchised Business, regardless of whether it is a Commercial Office Franchised Business or Home-Based Franchised Business, within the Territory only after notifying FRANCHISOR of the proposed new location and the reason for the desired change, and receiving FRANCHISOR’S consent to such relocation. FRANCHISOR reserves the right in its sole and absolute discretion to deny the request to relocate. The measurement of FRANCHISEE'S Territory upon such relocation shall be made from the new Location, provided that such recalculated Territory shall not, in the sole and absolute discretion of FRANCHISOR, intrude on the market area or territory of any other Franchised Business or of any business identified by the Trademarks.

ARTICLE 3.
TERM OF AGREEMENT

3.1. ***Term.***

a. Subject to Section 3.1(b) below, the term of this Agreement (the "Term"), shall commence upon the execution hereof and, unless sooner terminated in accordance herewith, shall expire ten (10) years thereafter.

b. Notwithstanding Section 3.1(a), if this Agreement is executed by FRANCHISEE in connection with FRANCHISEE'S purchase of an existing Franchised Business, the Term hereof shall be equal to the then remaining term of the franchise agreement relating to the Franchised Business so purchased.

3.2. ***Renewal.***

a. Subject to Section 3.4, FRANCHISEE shall have the right, but not the obligation, following the expiration of the Term hereof, to enter into a new agreement, in the form then generally being offered (or if none is then being offered, in the form then being offered for renewal of existing franchises) to prospective franchisees, the terms of which may materially differ from the terms and conditions of this Agreement (including an increase in Royalty Fees and Marketing Fees, and a change of territorial protection), as modified pursuant to Section 3.2(b) hereof (the "Renewal Franchise Agreement"), for two (2) additional terms of ten (10) years each, or the duration of FRANCHISEE'S right to occupy the Location, whichever is less.

b. Notwithstanding anything herein contained to the contrary, the Renewal Franchise Agreement, if executed by parties hereto, shall differ, and be modified, from FRANCHISOR'S then current form of franchise agreement in the following respects:

i. FRANCHISEE shall not be required to pay any Initial Fee (as defined in Section 4.1 below); and

ii. There shall be no further right to renew beyond the renewal terms set forth in the initial Renewal Franchise Agreement.

3.3. ***Form and Manner of Renewal***. If FRANCHISEE desires to exercise the right to enter into the Renewal Franchise Agreement (the "Renewal Right"), FRANCHISEE shall do so in the following manner:

a. Not less than three (3) months nor more than six (6) months prior to the expiration of the Term of this Agreement, FRANCHISEE shall request from FRANCHISOR in writing a copy of its then current Renewal Franchise Agreement.

b. Within thirty (30) days after receipt of FRANCHISEE'S said written request, FRANCHISOR shall deliver to FRANCHISEE two (2) copies of its Renewal Franchise Agreement.

c. Within thirty (30) days after FRANCHISEE receives said copies of the Renewal Franchise Agreement, FRANCHISEE shall execute two (2) copies of said Renewal Franchise Agreement and return same to FRANCHISOR, together with the renewal fee of no more than Five Thousand Dollars ($5,000).

d. If FRANCHISEE shall fail to perform any of the acts, or deliver any of the notices required pursuant to the provisions of subsections (a), (b) or (c) of this Section 3.3, in a timely fashion, such failure shall be deemed an election by FRANCHISEE not to exercise his right and option to enter into the Renewal Franchise Agreement, and such failure shall cause FRANCHISEE'S renewal right to automatically lapse and expire.

e. Provided that FRANCHISEE shall have exercised FRANCHISEE'S Renewal Right, in the form and manner herein described, and shall have complied with all of the conditions contained in Section 3.4 hereof, FRANCHISOR shall execute the Renewal Franchise Agreement executed by FRANCHISEE and shall, promptly at the expiration of the Term hereof, deliver one (1) fully executed copy of the Renewal Franchise Agreement to FRANCHISEE.

3.4. ***Conditions Precedent to Renewal.***

FRANCHISEE'S right to enter into the Renewal Franchise Agreement, in accordance with the provisions of Sections 3.2 and 3.3 of this Agreement, is conditioned upon FRANCHISEE'S fulfillment of all the following conditions precedent:

a. At the time FRANCHISEE notifies FRANCHISOR of its election to renew pursuant to Section 3.3(a) above and at all times from such notification to the time of the commencement of the term of the Renewal Franchise Agreement, FRANCHISEE shall have performed all its obligations under or arising out of this Agreement and under all other agreements which may at any time during that period be in effect between FRANCHISEE and FRANCHISOR or any of FRANCHISOR' Affiliates.

b. FRANCHISEE shall have not received two (2) or more notices of default during any twelve (12) month period during the Term, regardless of whether such defaults were cured.

c. FRANCHISEE shall execute a general release, in the form that FRANCHISOR requires, in favor of FRANCHISOR, its Affiliates and their respective owners, officers, directors, managers, employees, agents, attorneys, contractors, and representatives.

d. Prior to the expiration of this Agreement, FRANCHISEE shall conform the Franchised Business to FRANCHISOR'S then current standards and specifications, including any training deemed necessary by FRANCHISOR.

ARTICLE 4.
PAYMENTS BY FRANCHISEE AND CERTAIN RELATED OBLIGATIONS

4.1. ***Initial Franchise Fee.***

a. Commercial Office: Unless this Agreement is executed in connection with the renewal or transfer of an existing franchise, for a Commercial Office Franchised Business FRANCHISEE shall pay to FRANCHISOR the sum of Twenty-Five Thousand Dollars ($25,000), as an initial franchise fee (with respect to a Commercial Office Franchised Business location, the "Initial Fee"). The initial franchise fee for a Commercial Office of $25,000 is payable in full upon signing the Franchise Agreement.

If FRANCHISEE acquires a second franchise, the Initial Fee shall be $20,000 and if FRANCHISEE acquires a third franchise, the Initial Fee shall be $16,000. If FRANCHISEE is operating an insurance agency at the time of the execution of this Agreement and has done so for the prior twelve (12) months, Franchisee shall be deemed a "conversion franchisee" and pay an Initial Fee of $16,000. In all these latter three circumstances, the Initial Fee shall be payable in a lump sum at the execution of the Franchise Agreement. If FRANCHISEE meets FRANCHISOR'S criteria, FRANCHISOR may offer payment terms to FRANCHISEE for all or a portion of the Initial Fee. If FRANCHISOR grants payment terms to FRANCHISEE, FRANCHISEE will be required to sign FRANCHISOR'S form of Promissory Note (the "Note") together with a Guaranty, copies of which are attached to this Agreement as Appendix 1.

b. Home-Based: Unless this Agreement is executed in connection with the renewal or transfer of an existing franchise, for a Home-Based Franchised Business FRANCHISEE shall pay to FRANCHISOR the sum of Ten Thousand Dollars ($10,000), as an initial franchise fee (with respect to a Home-Based Franchised Business, the "Initial Fee"), payable in full upon signing the Franchise Agreement.

c. In all events, the Initial Fee, whether for a Commercial Office Franchised Business or a Home-Based Franchised Business, is not refundable in whole or in part, and shall be deemed fully earned by FRANCHISOR upon FRANCHISOR'S execution of this Agreement, unless FRANCHISEE shall fail to satisfactorily complete FRANCHISOR'S training program (or fail to obtain required state licenses or permits), in which event, FRANCHISOR may terminate this Agreement and return the Initial Fee to FRANCHISEE, less FRANCHISOR'S costs incurred to the date of termination in soliciting, qualifying, assisting and training FRANCHISEE. Upon such payment, the FRANCHISOR and FRANCHISEE shall be released and relieved of all obligations, responsibilities, and liabilities, each to the other.

d. If FRANCHISEE has executed this Agreement in connection with a transfer of an existing franchisee's Franchised Business, no Initial Fee shall be payable, however, FRANCHISEE shall pay FRANCHISOR a transfer fee, in accordance with the terms of Section 9.2.b.vii

4.2. ***Royalty Fee.***

No later than the tenth (10th) day of each month during the Term, FRANCHISEE shall pay a royalty fee (the "Royalty"), equal to ten percent (10%) to fourteen percent (14%) of FRANCHISEE'S Net Commissions, depending on where the Franchised Business is located, as hereinafter defined in Section 4.5, in accordance with Section 4.8 below and the other terms of this Agreement, for the preceding month. If the Royalty is initially less than 14% of Net Commissions, FRANCHISOR reserves the right to increase the Royalty on not less than 180 days' written notice to FRANCHISEE, up to a maximum of 14% of Net Commissions.

4.3. ***Marketing Fee.***

In addition to all other payments provided for herein, FRANCHISEE shall pay to FRANCHISOR, concurrently with FRANCHISEE'S Royalty as described in Section 4.2 above, a marketing fee equal to seven percent (7%) of FRANCHISEE'S Net Commissions ("Marketing Fee"), for the preceding month.

The Marketing Fee shall be paid to the Marketing Fund, which shall be administered by FRANCHISOR in accordance with Section 6.4 below.

4.4. ***Other Payments to FRANCHISOR.***

In addition to all other payments provided herein, FRANCHISEE shall pay to FRANCHISOR, its Affiliates, or their respective designees, as applicable, promptly when due:

a. The amount of all sales taxes, use taxes, personal property taxes and similar taxes, imposed upon FRANCHISEE and required to be collected or paid by FRANCHISOR on account of goods or services furnished by FRANCHISEE by sale, lease or otherwise or on account of Royalties, Initial Fees, or other amounts collected by FRANCHISOR from FRANCHISEE.

b. All amounts advanced by FRANCHISOR or which FRANCHISOR has paid, or for which FRANCHISOR has become obligated to pay, on behalf of FRANCHISEE for any reason whatsoever.

4.5. ***Net Commissions***.

"Net Commissions" is defined to include all fees, commissions and other amounts, regardless of name, description or title, to which FRANCHISEE is entitled from the sale of any and all forms of insurance or financial products, less any cancellations. Said amounts shall be those FRANCHISOR has negotiated with those insurance companies with whom FRANCHISEE is authorized to do business pursuant to the System.

4.6. ***Reporting***.

a. On or before the forty-fifth (45th) day following last day of each month during the Term hereof, FRANCHISEE shall submit to FRANCHISOR financial statements for the preceding month, including a balance sheet and profit and loss statement, prepared in the form and manner prescribed by FRANCHISOR.

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

c. With respect to all financial statements required of FRANCHISEE pursuant to this Agreement, FRANCHISEE is and shall be primarily responsible for their truth, accuracy and completeness, regardless of who may actually prepare same, including FRANCHISOR.

4.7. ***Bank Accounts***. In all events, FRANCHISEE shall, no later than 2:00 p.m. of the next business day, deposit all premium payments and other receipts, regardless of form, only into bank account(s) as are specified in the Operations Manual.

4.8. ***Electronic Funds Transfer.***

FRANCHISEE must participate in FRANCHISOR'S electronic funds transfer program, which authorizes FRANCHISOR to utilize a preauthorized bank draft system. FRANCHISEE must sign and deliver to FRANCHISOR an unconditional, irrevocable authorization to enable FRANCHISOR'S financial institution to debit bank accounts at FRANCHISEE'S bank in order to pay FRANCHISOR any Royalties, Marketing Fees, and other amounts which FRANCHISEE may owe FRANCHISOR under this Agreement or any other agreement between FRANCHISEE and FRANCHISOR. All Royalties, Marketing Fees, and other amounts due FRANCHISOR must be received by FRANCHISOR or credited to FRANCHISOR'S account by pre-authorized bank debit before 5:00 p.m. on the day each such payment is due.

4.9. ***Application of Funds.***

If FRANCHISEE shall be delinquent in the payment of any obligation to FRANCHISOR hereunder, or under any other agreement with FRANCHISOR, FRANCHISOR shall have the absolute right to apply any amounts belonging to FRANCHISEE to any obligation owed, whether under this Agreement or otherwise, notwithstanding any contrary designation by FRANCHISEE as to the application thereof.

4.10. ***Interest on Late Payments.***

If FRANCHISEE shall fail to pay to FRANCHISOR the entire amount of the Royalty, Marketing Fee, or any other sums owed to FRANCHISOR, promptly when due, FRANCHISEE shall pay to FRANCHISOR, in addition to all other amounts which are due but unpaid, interest on the unpaid amounts, from the due date thereof, at the rate of one and one half percent (1 1/2%) per month, or the highest rate allowable under applicable law, whichever is less.

4.11. ***Guaranty and Security Agreement.*** To help secure the timely payment and full performance of FRANCHISEE under the FRANCHISEE Agreement: all owners of FRANCHISEE, including all partners, shareholders, and members, as applicable, and their respective spouses, shall execute FRANCHISOR'S standard form Guaranty and Assumption of Obligations (Exhibit "C"); and FRANCHISEE grants to FRANCHISOR and FRANCHISOR takes, a first priority security interest in all of the FRANCHISEE'S assets, including all present and after acquired inventory and equipment wherever located, accounts, deposit accounts, chattel paper, instruments, contract rights (including FRANCHISEE'S rights under this Agreement) and general intangibles, including payment intangibles, and all proceeds and products thereof, including insurance proceeds. FRANCHISEE shall execute FRANCHISOR'S standard Security Agreement attached hereto as Exhibit "D". In order to perfect this security interest, FRANCHISEE shall also execute a UCC 1 Financing Statement, a sample attached hereto as part of Exhibit "D". FRANCHISEE authorizes FRANCHISOR to file a copy of the Security Agreement, the UCC 1 Financing Statement and any other documents that may be necessary to perfect the security interest granted herein, with or without signature of FRANCHISEE. FRANCHISOR'S security interest will be subordinated to any

Small Business Administration financing for which FRANCHISEE qualifies and obtains.***Audit Expenses.*** If FRANCHISOR shall cause an audit to be made and FRANCHISEE'S records for any reporting period shall be found to be understated or overstated by more than two percent (2%), FRANCHISEE shall be responsible for and shall immediately pay to FRANCHISOR the cost of such audit (in addition to all amounts which are due but unpaid); otherwise, the cost of such audit shall be paid by FRANCHISOR.

ARTICLE 5.
TRADEMARKS

5.1. ***Non-Ownership of Trademarks.***

FRANCHISOR is the owner of all right, title and interest in and to the Trademarks. Nothing herein shall give FRANCHISEE any right, title or interest in or to any of the Trademarks, except a mere privilege and license during the term hereof, to display and use the same according to the terms and conditions herein contained.

5.2. ***Use of Trademarks.***

a. Subject to Section 5.7, FRANCHISEE agrees that the Franchised Business herein licensed and franchised shall be named "***ESTRELLA INSURANCE***", without any suffix or prefix attached thereto and that FRANCHISEE shall use and display such of the Trademarks and such signs, advertising and slogans as FRANCHISOR may from time to time prescribe or approve, including that FRANCHISEE'S name shall be clearly marked on all FRANCHISEE'S business stationery in a manner specified or approved by FRANCHISOR and which clearly indicates that FRANCHISEE is the person, owning and operating the Franchised Business, pursuant to a Franchise Agreement with FRANCHISOR. FRANCHISEE shall also use the symbol ® or SM, as directed by FRANCHISOR to indicate to the public FRANCHISOR'S rights in the Trademarks.

b. Upon the expiration or sooner termination of this Agreement, FRANCHISOR may, if FRANCHISEE does not do so, execute in FRANCHISEE'S name and on FRANCHISEE'S behalf, any and all documents necessary to end and cause the discontinuance of FRANCHISEE'S use of the Trademarks and the person serving from time to time as Secretary of FRANCHISOR is hereby irrevocably appointed and designated as FRANCHISEE'S attorney in fact so to do.

5.3. ***Non Use of Trade Name.***

If FRANCHISEE, with FRANCHISOR'S permission, is a corporation or partnership, it shall not use the Trademarks, or any words or symbols which are confusingly similar thereto, as all or part of FRANCHISEE'S name.

5.4. ***Use of Other Trademarks.***

FRANCHISEE shall not display the trademark, service mark, trade name, insignia or logotype of any person, firm or corporation in connection with the operation of the Franchised Business without the express prior written consent of FRANCHISOR, which may be withheld in its sole subjective discretion.

5.5. ***Defense of Trademarks.***

a. In the event that FRANCHISEE receives notice, or is informed, of any claim, suit or demand against FRANCHISEE on account of any alleged infringement, unfair competition, or similar matter on account of its use of the Trademarks in accordance with the terms of this Agreement, FRANCHISEE shall promptly notify FRANCHISOR of any such claim, suit or demand. Thereupon, FRANCHISOR shall take such action as it may deem necessary and appropriate to protect and defend FRANCHISEE against any such claim by any third party and FRANCHISOR shall indemnify FRANCHISEE against any loss, costs or expenses incurred in connection therewith. FRANCHISEE shall not settle or compromise any such claim by a third party without the prior consent of FRANCHISOR. FRANCHISOR shall have the sole right to defend, compromise or settle any such claim, in its discretion, at FRANCHISOR'S sole cost and expense, using attorneys of its own choosing, and FRANCHISEE agrees to cooperate fully with FRANCHISOR in connection with the defense of any such claim. FRANCHISEE may participate at its own expense in such defense or settlement, but FRANCHISOR'S decisions with regard thereto shall be final.

b. In the event that FRANCHISEE shall be prevented from using any of the Trademarks, by reason of such Trademark(s) infringing the property rights of any third party, FRANCHISEE shall cease the use of such Trademark(s), and modify any and all signs, and other items display such Trademark(s) promptly upon receipt of notice from FRANCHISOR, in the manner prescribed by FRANCHISOR in such notice.

5.6. ***Prosecution of Infringers.***

In the event that FRANCHISEE shall receive notice or is informed or learns that any third party, which it believes to be unauthorized to use the Trademarks, is using the Trademarks or any variant thereof, FRANCHISEE shall promptly notify FRANCHISOR of the facts relating to such alleged infringing use. Thereupon, FRANCHISOR may, in its sole discretion, determine whether it wishes to take any action against such third person on account of such alleged infringement of the Trademarks. FRANCHISEE shall have no right to make any demand against any such alleged infringer or to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of such alleged infringement.

5.7. ***Modification of Trademarks.***

From time to time, in the Operations Manual or in directives or bulletins supplemental thereto, FRANCHISOR may add to, delete or modify any or all of the Trademarks FRANCHISEE shall use, or cease using, as may be applicable, including any such modified or additional trade names, trademarks, service marks, trade names, logotypes, designs, insignia and symbols designated by us from time to time (all referred to as the "Trademarks"), and commercial symbols, in strict accordance with the procedures, policies, rules and regulations contained in the Operations Manual or in directives issued by FRANCHISOR to FRANCHISEE from time to time, as though they were specifically set forth in this Agreement. 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.

5.8. ***Acts in Derogation of the Trademarks.***

FRANCHISEE agrees that the Trademarks are the exclusive property of FRANCHISOR and now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of FRANCHISEE'S licensed use thereof, or otherwise. FRANCHISEE agrees that it will not do or permit any act or thing to be done in derogation of any of the rights of FRANCHISOR in connection with the same, either during the Term of this Agreement or thereafter, and that it will use the Trademarks only for the uses and in the manner licensed hereunder and as herein provided.

5.9. ***Prohibition Against Disputing FRANCHISOR'S Rights.***

FRANCHISEE agrees that it will not, during or after the Term of this Agreement, in any way dispute or impugn the validity of the Trademarks licensed hereunder, or the rights of FRANCHISOR thereto, or the rights of FRANCHISOR or other franchisees of FRANCHISOR to use the same, both during the Term of this Agreement and thereafter.

5.10. ***Assumed Name Registration.***

In the event that FRANCHISEE is required to do so by any statute or ordinance, FRANCHISEE shall promptly upon the execution of this Agreement file with applicable government agencies or offices, a notice of its intent to conduct its business under the name "***ESTRELLA INSURANCE***" .Promptly upon the expiration or sooner termination of this Agreement for any reason whatsoever, FRANCHISEE shall promptly execute and file such documents as may be necessary to revoke or terminate such assumed name registration, and if FRANCHISEE shall fail to promptly execute and file such documents as may be necessary to effectively revoke and terminate such assumed name registration, FRANCHISEE hereby irrevocably appoints and designates the person serving from time to time as the Secretary of FRANCHISOR as FRANCHISEE'S attorney in fact to do so for and on behalf and in the name of FRANCHISEE.

5.11. ***Websites.***

FRANCHISEE is only permitted to use FRANCHISOR'S website or any other website that FRANCHISOR may provide to FRANCHISEE, and may not advertise the Franchised Business using (or reference the Trademarks on) any other website, bulletin board, other internet marketing site, or any current or future form of social media network or platform without FRANCHISOR'S prior written approval. FRANCHISEE may not establish FRANCHISEE'S own website, bulletin board or other internet marketing site for the Franchised Business under any circumstances. FRANCHISOR has the right to control all use of URL's, domain names, websites, addresses, metatags, links, e-mail addresses and any other means of electronic identification or origin ("e-names"). FRANCHISOR also has the right to designate, approve, control or limit all aspects of FRANCHISEE'S use of the Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, websites, home pages, bulletin boards, chat rooms, e-mail, linking, framing, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software (collectively, "e-commerce"). FRANCHISOR has the right to monitor FRANCHISEE and FRANCHISEE'S employees' e-commerce activities. FRANCHISEE must follow all of FRANCHISOR'S policies and procedures for the use and regulation of e-commerce. FRANCHISOR may require FRANCHISEE to coordinate FRANCHISEE'S e-commerce activities with those of FRANCHISOR. FRANCHISEE recognizes and agrees that between FRANCHISEE and FRANCHISOR, FRANCHISOR owns all rights to all interest in and to any data collected via e-commerce and in other aspect of the System or the Trademarks, including any customer data, click-stream data, cookies, user data, hits and the like: such information is deemed by us to be and constitutes FRANCHISOR’S Confidential Information.

ARTICLE 6.
ADVERTISING AND PROMOTION BY FRANCHISEE

6.1. ***General.***

FRANCHISEE shall conduct all local advertising and promotion in accordance with such provisions with respect to format, content and media as are from time to time contained in the Operations Manual. No advertising material may be used by FRANCHISEE without FRANCHISOR'S prior written approval.

6.2. ***Telephone Numbers and Directory Advertising.***

FRANCHISEE shall, at its sole expense, subscribe for and maintain throughout the term hereof, one (1) or more telephone numbers, which shall be listed in such telephone directory or directories servicing FRANCHISEE'S Territory and such adjacent or nearby geographic areas as FRANCHISOR may designate, in the manner prescribed by FRANCHISOR. In all advertising placed by FRANCHISEE in which such listed number(s) appear, there shall not appear any other telephone numbers subscribed for by FRANCHISEE personally or in the conduct of any other business. FRANCHISEE shall participate with all other franchisees in arranging and paying for (on a pro rata basis) Internet directory advertisements as required by FRANCHISOR.

6.3. ***Promotional Campaigns.***

From time to time during the term hereof, FRANCHISOR shall have the right to establish and conduct promotional campaigns, which may, by way of illustration and not limitation, promote particular marketing themes. FRANCHISEE agrees to participate in such promotional campaigns upon such terms and conditions as FRANCHISOR may establish. FRANCHISEE acknowledges and agrees that such participation may require FRANCHISEE to purchase promotional material.

6.4. ***Marketing Fund.***

a. Recognizing the value of marketing, FRANCHISOR has established and will administer a marketing fund (the "Marketing Fund") for such marketing (including advertising, promotion, public relations and other marketing programs) as FRANCHISOR may deem necessary or appropriate, in its sole discretion. Marketing Fees shall be paid by FRANCHISEE pursuant to Section 4.8. FRANCHISOR and its Affiliates shall contribute to the Marketing Fund for those insurance agencies which they operate under the Trademarks.

b. FRANCHISOR shall direct all marketing programs financed by the Marketing Fund. FRANCHISOR shall have sole discretion over the creative concepts, materials, and endorsements used therein, and the geographic market and media placement and allocation thereof. FRANCHISEE agrees that the Marketing Fund may be used to pay the costs of conducting marketing surveys and research; employing public relations firms; preparing and producing video, audio, and printed marketing materials; administering multi regional marketing programs, including purchasing television, radio, magazine, billboard, newspaper, and other media advertising (in both English and Spanish), and employing advertising agencies to assist therewith; providing marketing materials to franchisees; and holding conventions and regional meetings for franchisees. The Marketing Fund shall furnish FRANCHISEE with approved marketing materials on the same terms and conditions as FRANCHISOR furnishes such materials to FRANCHISOR'S other franchisees. FRANCHISOR may charge the Marketing Fund fees, at reasonable market rates and terms, for advertising, marketing, and promotional services that FRANCHISOR itself or any of its Affiliates actually provides in lieu of engaging third-party agencies to provide such services.

c. In its sole discretion, FRANCHISOR may make, or refrain from making, any such expenditures for advertising and promotional activities. Without limiting the generality of the foregoing, in any calendar year, FRANCHISOR may spend more or less than that year's aggregate advertising contributions to the Marketing fund. FRANCHISOR may have the Marketing Fund borrow from FRANCHISOR or other lenders on commercially reasonable rates and terms and repay such loans and interest from the Marketing Fund, to cover any FRANCHISOR Marketing Fund deficit or to advance funds that FRANCHISOR believes in its sole discretion may benefit the system by being spent sooner than funds may otherwise be available in the Marketing Fund. FRANCHISEE understands and acknowledges that the Marketing Fund is intended to be used to develop general public recognition of the Trademarks and increase patronage of insurance agencies, which operate under any of the Trademarks, in general. FRANCHISOR undertakes no obligation to ensure that expenditures by the Marketing Fund in, or affecting any geographic area, are proportionate or equivalent to contributions to the Marketing Fund by Franchised Businesses operating in any geographic area or that any Franchised Business will benefit directly or in proportion to its contribution to the Marketing Fund, from the conduct of marketing programs or the placement of advertising. Except as expressly provided in this Section, FRANCHISOR assumes no direct or indirect liability or obligation to FRANCHISEE with respect to the maintenance, direction, or administration of the Marketing Fund. For purposes of this subsection c. and subsection b., above, the term "commercially reasonable" means, with respect to any services or loans, such rates and terms as a third party, independent from and unrelated to FRANCHISOR and located in the county in which FRANCHISOR's main office is located, may require in a bona fide arms'-length unsecured transaction for the benefit of the Marketing Fund.

6.5. ***Local Advertising Requirements.***

FRANCHISEE shall engage in local advertising, on a monthly basis. Local advertising must be in effect within thirty (30) days after the opening of the Franchised Business. FRANCHISOR recommends an amount equal to be between three and five percent (3%-5%) of FRANCHISEE'S Gross Revenues be used for local advertising. FRANCHISOR will provide, at FRANCHISEE'S request, suggested formats and types of local advertising. FRANCHISEE is to substantiate local advertising expenditures to FRANCHISOR, by supplying such information as FRANCHISOR may require from time to time, including tear sheets, paid advertising invoices, and like documentation.

Prior to their use by FRANCHISEE, samples of all marketing and advertising materials and descriptions of local promotional programs that FRANCHISEE proposes to use, not prepared or previously approved by FRANCHISOR, shall be submitted to FRANCHISOR for approval. If written approval is not received by FRANCHISEE within fifteen (15) days from the date of receipt by FRANCHISOR of such materials or descriptions, FRANCHISEE may not use the submitted materials. FRANCHISEE shall not use any marketing materials that FRANCHISOR has disapproved.

FRANCHISEE shall also be responsible for any lease/sublease obligations which require contributions(s) to a marketing fund, advertising fund, or any fund of a similar nature or other forms of advertising expense and any such contributions or expenditures made by FRANCHISEE to satisfy such lease/sublease obligations shall only reduce FRANCHISEE'S obligation hereunder to engage in local advertising. Lease of the Site***.***

ARTICLE 7.
OPERATION OF THE BUSINESS

7.1. ***Site Selection. Commercial Office***

a. Although FRANCHISOR may have pre-selected an acceptable site for the Commercial Office Franchised Business, FRANCHISEE is solely responsible for selecting the specific Location for the operation of the Commercial Office Franchised Business, which FRANCHISEE shall lease directly from the landlord subject to FRANCHISOR'S prior written approval or otherwise acquire, within ninety (90) days after execution of this Agreement. In the event FRANCHISEE cannot find and lease, or purchase, an acceptable Location within said ninety (90) day period, FRANCHISOR and FRANCHISEE shall reevaluate the circumstances. FRANCHISEE shall then either have additional time to secure an acceptable Location or FRANCHISOR may terminate this Agreement. If the Agreement is terminated at that time or at any later, agreed upon date, FRANCHISOR shall refund ninety percent (90%) of the Initial Fee to FRANCHISEE. The final lease agreement should have a term (or a combination of an initial term and options) of at least ten (10) years, with an option to renew for a like period. FRANCHISEE shall not execute any lease agreement for the Location until the terms and conditions of such lease agreement have been approved in writing by FRANCHISOR. As a condition of its approval of the lease agreement, FRANCHISOR may require FRANCHISEE and the landlord of the Location to execute FRANCHISOR'S then current Rider to Lease (Exhibit "A"), pursuant to which FRANCHISOR is granted an option to assume, or have its assignee assume, the obligations of the lease agreement in the event of the expiration or sooner termination of this Agreement. The Location shall be used for no purposes other than the operation of a Franchised Business.

b. FRANCHISEE shall be responsible for developing the Commercial Office Franchised Business at the Location, subject to supervision by FRANCHISOR. FRANCHISOR will furnish FRANCHISEE mandatory and suggested specifications and layouts, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs and color scheme. It shall be FRANCHISEE'S responsibility to have prepared all required construction plans and specifications to suit the shape and dimensions of the Location and to insure compliance with applicable laws and the lease. FRANCHISEE shall submit construction plans and specifications to FRANCHISOR for approval before construction is commenced and shall, upon request, submit all revised or "as built" plans and specifications during construction. FRANCHISEE shall obtain FRANCHISOR'S written approval prior to opening the Franchised Business. The Franchised Business shall be open to the public no later than sixty (60) days from the date the Location is turned over to the FRANCHISEE by the landlord for the construction of tenant improvements or is otherwise acquired by FRANCHISEE.

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

c. FRANCHISEE agrees to use in the development and operation of the Commercial Office Franchised Business only those fixtures, equipment (including computer equipment and facsimile machines) and signs that FRANCHISOR has approved as meeting its specifications and standards for quality, design, appearance, function and performance. FRANCHISEE shall purchase or lease approved brands, types or models of fixtures, equipment (including computer equipment and facsimile machines) and signs only from suppliers designated or approved by FRANCHISOR (which may include FRANCHISOR or its Affiliates). FRANCHISEE agrees to place or display at the Location (interior and exterior) only such signs, emblems, lettering, logos and display materials that FRANCHISOR approves from time to time. Notwithstanding the foregoing, if FRANCHISOR is developing the Location for and on behalf of the FRANCHISEE, FRANCHISOR shall select and install, but not pay for the fixtures, equipment and signs.

7.2. ***Approved Suppliers.***

a. FRANCHISEE shall only write insurance policies, binders and other insurance contracts and agreements with those insurance companies and allied businesses, such as premium finance companies as shall be approved by FRANCHISOR, from time to time during the Term. FRANCHISEE acknowledges that certain of these suppliers may be Affiliates of or otherwise related to FRANCHISOR. Franchisee acknowledges that Franchisee's current and future appointments to sell insurance policies for all the insurance carriers authorized under this Agreement are and shall be considered due solely to the relationships that Franchisor or its Affiliate has with such insurance carriers.

b. If FRANCHISEE desires to offer insurance and related services from a company that has not been approved by FRANCHISOR, FRANCHISEE may request in writing such approval by FRANCHISOR. FRANCHISOR shall approve such proposed supplier if, in FRANCHISOR'S sole and absolute judgment and discretion, FRANCHISOR is satisfied that the proposed supplier can meet and maintain FRANCHISOR'S specifications, standards and requirement. Any costs incurred by FRANCHISOR in evaluating a proposed supplier shall be paid by FRANCHISEE.

7.3. ***Commitment of Time.***

During the Term of this Agreement, FRANCHISEE, shall, except as otherwise expressly agreed to by FRANCHISOR in writing, devote full time and best efforts exclusively to the operation of the Franchised Business. If FRANCHISEE is a corporation, limited liability company or a partnership, such FRANCHISEE shall select and maintain, throughout the Term of this Agreement, an equity owner who is an individual, who holds at least 10% of all the equity of FRANCHISEE, to devote his or her full time and best efforts to the Franchised Business. If any such individual no longer serves in such capacity, FRANCHISEE shall replace him or her with someone who does, who has been trained and approved by FRANCHISOR, within no later than 90 days from the cessation of such individual's service. It is understood and agreed by the parties hereto, that the Franchised

Business shall be operated during such minimum hours and days established by FRANCHISOR from time to time.

7.4. ***Operations Manual.***

a. FRANCHISEE shall operate the Franchised Business in strict compliance with the standard procedures, policies, rules and regulations established by FRANCHISOR and incorporated in the ***ESTRELLA INSURANCE*** operations manual(s) as same may be amended and revised from time to time, including all bulletins, supplements, ancillary manuals, audio tapes, video tapes, compact discs, computer software, information available on an Internet site, other electronic media or written materials (collectively referred to herein as the "Operations Manual"). The subject matter of the Operations Manual may include matters such as: forms; information relating to product and services; general operations; training and accounting; display of signs and notices; Trademark usage; insurance requirements; standards for operations management; hours of operation; and yellow page and local advertising formats.

b. FRANCHISOR shall have the right to modify the Operations Manual at any time and from time to time by the addition, deletion or other modification to the provisions thereof. No such modification shall alter FRANCHISEE'S fundamental status and rights under this Agreement. Modifications in the Operations Manual shall become effective upon delivery of written notice thereof to FRANCHISEE, unless a longer period is specified in such written notice. The Operations Manual, as modified from time to time as hereinabove provided, shall be an integral part of and included in this Agreement and reference made in this Agreement, or in any amendments, exhibits or schedules hereto, to the Operations Manual shall be deemed to mean the Operations Manual kept current by amendments from time to time. Upon the execution of this Agreement, FRANCHISOR shall loan to FRANCHISEE one (1) copy of the Operations Manual, unless FRANCHISEE purchased the Franchised Business from an existing franchisee or entered into this Agreement as a Renewal Franchise Agreement. Upon the expiration or sooner termination of this Agreement for any reason whatsoever, FRANCHISEE shall immediately return the Operations Manual to FRANCHISOR. FRANCHISEE shall not make, or cause or allow to be made, any copies or reproductions of all or any portion of the Operations Manual without FRANCHISOR'S express prior written consent.

7.5. ***Insurance.***

FRANCHISOR shall prescribe minimum standards and limits for certain types of insurance coverage to be purchased by FRANCHISEE, which, at a minimum, shall include a business owner's policy and an errors and omissions policy ($1,000,000 minimum, $5,000 deductible), in order to standardize insurance coverage and afford FRANCHISEE and FRANCHISOR protection against insurable risks, and FRANCHISEE shall purchase such insurance promptly after execution hereof and in any event prior to commencing operations and keep same in full force and effect during the entire Term and any extensions of this Agreement, amending said insurance from time to time as necessary in order to remain in compliance with FRANCHISOR'S standards and specifications. Said standards and limits shall be established in the Operations Manual. If FRANCHISEE fails or refuses to purchase insurance conforming to the standards and limits prescribed by FRANCHISOR, FRANCHISOR may obtain, through agents and insurance companies of its own choosing, such insurance as is necessary to meet such standards. Payments for such insurance shall be made by FRANCHISEE. Nothing contained herein shall be construed or deemed to impose on FRANCHISOR any duty or obligation to obtain or maintain any specific forms, kinds or amounts of insurance for or on behalf of FRANCHISEE, or as an undertaking or representation by FRANCHISOR that such insurance as may be obtained by FRANCHISEE or by FRANCHISOR for FRANCHISEE will insure FRANCHISEE against any or all insurable risks of loss which may or can arise out of, or in connection with, the operation of the Franchised Business. FRANCHISEE may obtain, on FRANCHISEE'S own behalf, and at FRANCHISEE'S own cost and expense, such insurance as FRANCHISEE may from time to time desire, in addition to that obtained in FRANCHISEE'S behalf by FRANCHISOR, or as may be required herein. All insurance as may be obtained by FRANCHISOR for FRANCHISEE may be amended, canceled, terminated or modified at any time upon ten (10) days written notice to FRANCHISEE. All insurance purchased by FRANCHISEE shall name FRANCHISOR and such Affiliates of FRANCHISOR as FRANCHISOR may direct as additional assureds, shall contain a blanket waiver of the insured's right of subrogation in respect of or against FRANCHISOR or such Affiliate(s), and shall provide that FRANCHISOR be given at least ten (10) days prior written notice of any termination, amendment, cancellation, or modification thereof. FRANCHISEE shall promptly provide FRANCHISOR with certificates of insurance evidencing such coverage no later than ten (10) days after the purchase of the insurance required herein, and throughout the Term and any extension hereof evidencing continued coverage.

7.6. ***Books and Records.***

a. FRANCHISEE covenants and agrees that FRANCHISEE shall keep and maintain during the Term hereof full, complete and true records of all revenues and expenditures in the form and manner as specified or directed by FRANCHISOR in its Operations Manual or otherwise. All financial records must be kept by FRANCHISEE for a minimum of five (5) years or such longer period as may be prescribed by law. FRANCHISEE shall also maintain all insurance applications and other records as required by the state insurance agency for such period of time as such agency specifies.

b. FRANCHISEE agrees that it shall purchase or lease, and install, use, maintain and upgrade such computer system, facsimile equipment, hardware, software and other such equipment, for the purpose of performing functions related to the operation of the Franchised Business. All such computer system, facsimile equipment, hardware, software and other equipment shall conform to and be compatible with FRANCHISOR'S system as modified from time to time and shall meet and be maintained in compliance with FRANCHISOR'S specifications therefore as set forth in the Operations Manual. FRANCHISOR reserves the right to impose a charge or fee for proprietary software licensed or otherwise made available to FRANCHISEE for use in the operation of the Franchised Business.

7.7. ***Right of Inspection.***

FRANCHISOR shall have the right from time to time, and without prior notice to FRANCHISEE, to inspect FRANCHISEE'S operations, business methods, service, management, financial records and administration, and to determine the quality thereof and the faithfulness of FRANCHISEE'S compliance with the provisions of this Agreement and the Operations Manual, and FRANCHISEE shall cooperate fully with FRANCHISOR and its representatives and agents with respect to such inspections. FRANCHISEE shall permit FRANCHISOR and its representatives or agents to copy, examine or audit, physically or by electronic or other methods, the computers, books of accounts, bank statements, check stubs, customer invoices, documents, records, papers, and tax return records ("Financial Records") of FRANCHISEE at any time or times. Upon fifteen (15) days prior notice, FRANCHISEE shall deliver photocopies of all Financial Records to FRANCHISOR or its representatives at such location as FRANCHISOR may designate. FRANCHISOR shall bear the cost of all such inspections, provided that if any such inspection discloses that FRANCHISEE has failed to comply with any provision of this Agreement or the Operations Manual in a manner that would permit FRANCHISOR to terminate this Agreement if uncured, the direct costs of such inspections shall be borne by FRANCHISEE.

7.8. ***Compliance with Laws.***

a. FRANCHISEE shall operate the Franchised Business in strict compliance with all applicable laws, rules and regulations of all governmental authorities, shall comply with all applicable governmental laws and regulations (including any and all licensing requirements), all applicable labor and employment laws and regulations and shall prepare, file and retain all necessary tax returns, and pay promptly all taxes imposed upon FRANCHISEE or upon FRANCHISEE'S Franchised Business or property. FRANCHISEE shall forward to FRANCHISOR within two (2) days of receipt, copies of all notices, subpoenas, summons, warnings and inspection reports issued by any governmental entity.

b. FRANCHISEE must if required by law to do so, comply with all federal and state information and data privacy laws and regulations that may be applicable to the Franchised Business and the information that the Franchised Business collects from its customers and prospective customers (all such laws and regulations, “Information Privacy Laws”). Without limiting the generality of the foregoing, this may include:

i. adopting and implementing adequate measures (“Security Measures”) to secure the confidentiality of all financial and other sensitive information FRANCHISEE collects from customers and prospective customers (“Financial Information”);

ii. providing customers and prospective customers with written notice of the System's privacy policies and the uses to be made of Financial Information by the FRANCHISEE, and by FRANCHISOR and its Affiliates and the other businesses and companies to whom they respectively may disclose Financial Information (the “Privacy Policy Notice”);

iii. providing customers and prospective customers with prior written notice of disclosure of any Financial Information collected from them (“Disclosure Notice”); and

iv. providing customers and prospective customers with notice of any “opt-out” rights regarding such disclosures and uses of their Financial Information and an adequate opportunity to exercise such rights (“Opt-Out Notice”).

From time to time, FRANCHISOR may formulate policies and practices concerning Security Measures, the form, content, and manner of delivering Privacy Policy Notices, Disclosure Notices, and Opt-Out Notices, as well as matters relating or incidental thereto. The FRANCHISEE must adopt and implement all such policies and practices in accordance with written instructions in a timely manner.

c. FRANCHISEE and its owners agree to comply, and to assist FRANCHISOR, to the fullest extent possible, in FRANCHISOR'S efforts to comply with Anti-Terrorism Laws (defined below). In connection therewith, FRANCHISEE and its owners certify, represent, and warrant that none of their property or interests is subject to being blocked under, and that FRANCHISEE and its owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" means Executive Order 13224, issued by the President of the United States, the USA PATRIOT Act, the U.S. Bank Secrecy Act, 31, U.S.C. Sec. 5318 et seq., the Regulations promulgated by the U.S. Treasury, Office of Foreign Asset Control, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by FRANCHISEE or its owners, or any blocking of FRANCHISEE'S or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

7.9. ***Interim Management.***

Upon the death or mental or physical incapacity of the individual(s) possessing the controlling (either by way of ownership or management) interest(s) in this Agreement, the Franchised Business or FRANCHISEE, the executor, administrator or personal representative of such person shall transfer, within nine (9) months after such death or mental or physical incapacity, the interest of the person to a third party approved by FRANCHISOR. If the interest is not disposed of within that period of time, FRANCHISOR may terminate this Agreement. Such transfer shall be subject to the same conditions as any inter-vivo transfer pursuant to ARTICLE 9. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of such person are unable to meet the conditions in ARTICLE 9, the personal representative of the deceased shall have a reasonable additional time to dispose of the deceased's interest in this Agreement.

7.10. ***Customer Relations.***

FRANCHISEE shall respond promptly to customer complaints and shall take such other steps as may be required to insure positive customer relations. FRANCHISEE acknowledges that exemplary customer relations are of paramount importance to the System and therefore, FRANCHISEE shall use FRANCHISEE'S best efforts to consistently exceed customer expectations, by providing a superior level of quality, service, value, dedication and undivided attention. FRANCHISEE further acknowledges that FRANCHISEE'S mission is to attract and hold customers in order to become the first choice of prospective customers by consistently exceeding their expectations.

7.11. ***Customer Lists***. FRANCHISEE shall also create and maintain for FRANCHISOR, in such manner as FRANCHISOR may from time to time require, a current customer list (the "Customer List") containing as to each and every customer such customer's name, address, telephone number and zip code (9 digits) and supply a copy of such list to FRANCHISOR on a quarterly basis. Notwithstanding that it may have been created and maintained by the FRANCHISEE, the Customer List is, and remains, FRANCHISOR's exclusive property; in confirmation of the foregoing, the FRANCHISEE hereby assigns to FRANCHISOR all rights it now has or hereafter may acquire in the Customer List. After the expiration or sooner termination of this Agreement, without FRANCHISOR's written authorization, the FRANCHISEE may not use or disclose the

Customer List, or any of the information contained therein; nor may it retain any copy of the foregoing.

7.12. ***Disputes Among or Between Franchisees***. If any dispute arises between or among FRANCHISEE and one or more other franchisees of FRANCHISOR, whether relating to territorial rights, national account participation, or any other matter relating to the ownership or operation of the Franchised Business, in lieu of bringing, encouraging or assisting in any claim or claims against one or more other franchisees in litigation, arbitration or otherwise, FRANCHISEE must notify FRANCHISOR in writing of such claim or claims, and the bases therefor. In such event FRANCHISEE shall promptly provide FRANCHISOR with such additional information and materials as it may request and communicate with FRANCHISOR promptly and as FRANCHISOR may direct. All such disputes, if any, shall be resolved exclusively by FRANCHISOR and be final and binding on FRANCHISEE. FRANCHISOR may in its sole discretion, without any obligation to, waive any or all its right to resolve any or all such claims. Any such waiver shall be effective only if in writing signed by FRANCHISOR and shall be pursuant to the terms of such written waiver.

ARTICLE 8.
OTHER SERVICES OF FRANCHISOR

8.1. ***Training and Supervision.***

a. Unless FRANCHISEE is an existing franchisee of FRANCHISOR at the time this Agreement is executed, FRANCHISEE shall have a maximum of two (2) management level persons trained in the System and methods of operation. One such person shall be, in the case of a corporate, limited liability company or partnership FRANCHISEE, a shareholder, member or partner selected by FRANCHISEE and approved by FRANCHISOR. FRANCHISEE'S manager shall also attend the initial training program. Such initial training program shall consist of an eight (8) week combined program of classroom and on the job training at FRANCHISOR'S training facility. FRANCHISOR will pay no compensation for any services performed by such trainee(s). All expenses of the trainee(s) shall be the obligation of FRANCHISEE. FRANCHISEE also must secure the appropriate regulatory licenses necessary for the conduct of the Franchised Business and attend all required state licensing courses and pass all required examinations. All such training must be completed to the satisfaction of FRANCHISOR at least one (1) week prior to the opening for business of the Franchised Business.

b. If FRANCHISOR trains at FRANCHISEE’S request, any additional or other personnel, FRANCHISEE shall pay FRANCHISOR'S standard training fees then in effect. The FRANCHISEE, in all cases, shall bear all travel and living expenses incurred by such trainee(s), and FRANCHISOR shall pay no compensation for any services performed by such trainee(s) in connection with such training program.

c. FRANCHISOR may, from time to time, at its discretion, make available to FRANCHISEE additional training courses or programs during the Term of this Agreement. FRANCHISOR shall have the right to make attendance by FRANCHISEE or FRANCHISEE'S designee mandatory with respect to certain of such courses and shall have the right to make attendance at other such training courses optional. FRANCHISOR shall make no charge for mandatory training courses but may, in its discretion, establish charges applicable to all franchisees similarly situated, for optional training courses. With respect to either mandatory or optional training courses, FRANCHISEE shall pay all transportation costs, food, lodging and similar costs incurred in connection with attendance at such courses. The time and place of both mandatory and optional training courses shall be at FRANCHISOR'S sole discretion.

d. FRANCHISEE shall have the right to inquire of FRANCHISOR'S headquarters staff, its field representatives and training staff with respect to problems relating to the operation of the Franchised Business, by telephone or correspondence, and FRANCHISOR shall use its reasonable efforts to respond to such inquiries, in order to assist FRANCHISEE in the operation of the Franchised Business.

8.2. ***Additional Pre-Opening Services.***

Prior to the commencement of operations by FRANCHISEE, FRANCHISOR shall provide or cause to be provided, the following:

a. suggestions for recruiting and selecting personnel;

b. typical design plans for a Commercial Office Franchised Business layout, showing placement and specifications of furniture and facilities and providing a plan for interior decoration with a required color coordination scheme, if FRANCHISEE will be responsible for developing the Location;

c. assistance in obtaining licenses to operate an insurance agency and financial service business;

d. assistance with pre-opening publicity;

e. site selection assistance (Commercial Office Franchised Business only);

f. one (1) copy of the Operations Manual;

g. exterior sign design (Commercial Office Franchised Business only);

h. accounting system; and

i. assistance necessary to operate an on-line computer terminal.

8.3. ***Continuing Services.***

During the Term of this Agreement, FRANCHISOR shall provide or cause to be provided to FRANCHISEE, the following:

a. visits by FRANCHISOR’S field representatives to FRANCHISEE'S Location a minimum of two (2) times per year for the purpose of rendering advice and consultation or training, with respect to the Franchised Business, its operation and performance, or to determine compliance by FRANCHISEE with the Operations Manual.

b. assistance with local advertising and participation in regional advertising;

c. ongoing assistance via telephone; and

d. other supervision, assistance, or services, although not obligated to do so. The nature of these non-obligatory services will depend entirely on the individual needs and circumstances of FRANCHISEE, as determined by FRANCHISOR. These services may include: payment of premiums; financing; accounting; and transaction reporting.

ARTICLE 9.
ASSIGNMENT AND RIGHT OF FIRST REFUSAL

9.1. ***Assignment by FRANCHISOR.***

FRANCHISOR shall have the right to assign this Agreement, and all of its rights and privileges hereunder to any other person, firm, corporation or limited liability company without FRANCHISEE'S prior consent; provided that, in respect to any assignment resulting in the subsequent performance by the assignee of the functions of FRANCHISOR, the assignee shall expressly assume and agree to perform such obligations.

9.2. ***Assignment by FRANCHISEE.***

a. 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 FRANCHISEE or FRANCHISEE'S owners. Therefore, neither FRANCHISEE'S interest in this Agreement nor any of its rights or privileges nor any interest in the Franchised Business 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 and subject to FRANCHISOR'S right of first refusal as provided for in Section 9.4 of this Article IX. Notwithstanding anything herein to the contrary, in the event of the death or legal incapacity of FRANCHISEE or, in the case of a corporate or limited liability company franchisee, a shareholder or member or in the case of a general or limited partnership FRANCHISEE, a general partner, the transfer of FRANCHISEE'S interest in this Agreement or such shareholder's stock or voting power or partner's partnership 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 9.4, hereafter), although such right of first refusal shall apply as to any proposed transfer or assignment by such heirs, personal representatives or conservators.

b. Should FRANCHISOR not elect to exercise its said right of first refusal, or should such right of first refusal be inapplicable, as herein provided, FRANCHISOR may impose 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, members, managing members, directors or partners of the assignee, in the case of a corporate, limited liability company or partnership assignee) demonstrate that he has the skills, qualifications and economic resources necessary, in FRANCHISOR'S judgment, reasonably exercised, to own and operate the Franchised Business contemplated by this Agreement, and by all other agreements between FRANCHISOR and such assignee, and all agreements proposed to be assigned to such assignee;

ii. that the assignee expressly assumes in writing for the benefit of FRANCHISOR all of the obligations of FRANCHISEE under this Agreement;

iii. that the assignee shall have completed at assignee's cost and expense, FRANCHISOR'S training program to FRANCHISOR'S satisfaction, exercised in good faith;

iv. that as of the date of any such assignment, the FRANCHISEE shall have complied with all obligations to FRANCHISOR, whether under this Agreement or any other agreement, arrangement or understanding with FRANCHISOR;

v. that unless FRANCHISOR agrees otherwise in writing, the assignee shall execute FRANCHISOR'S franchise agreement then being offered to prospective franchisees of FRANCHISOR (except that the assignee shall not be obligated to pay the Initial Fee and the Term thereof shall expire on the stated expiration date of this Agreement);

vi. that FRANCHISEE shall have expressly agreed in writing to comply with the non-competition covenants set forth in Article X hereof and with all other post termination obligations contained herein;

vii. that FRANCHISOR shall receive (as a condition of its consent and regardless of whether the assignment is consummated) a transfer fee. The transfer fee is the amount of Seven Thousand Five Hundred Dollars ($7,500) if the prospective assignee is then an existing franchisee of FRANCHISOR, and Seventeen Thousand Five Hundred Dollars ($17,500) if the prospective assignee is not then an existing franchisee of FRANCHISOR.; and

viii. that FRANCHISEE and the proposed assignee each signs a general release in a form satisfactory to FRANCHISOR, of any and all claims against FRANCHISOR and FRANCHISOR'S affiliates and their respective shareholders, officers, directors, managers, employees, agents and representatives;

c. FRANCHISEE shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever. If FRANCHISEE is a corporation, the issuance of any securities by FRANCHISEE, the transfer of twenty percent (20%) or more in the aggregate of the capital shares or voting power of FRANCHISEE, by operation of law or otherwise, or any merger, share redemption, consolidation, reorganization or recapitalization involving FRANCHISEE, shall be deemed to be an assignment of this Agreement within the meaning of this Article XI. If FRANCHISEE 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 or losses of the partnership shall be deemed to be an assignment hereunder.

d. The conditions in this Agreement to any transfer, directly or indirectly, of an interest in this Agreement, are solely for the benefit of Franchisor. Neither Franchisee, nor any transferee, nor any other person, may rely on any or all the conditions being satisfied or waived, or on Franchisor's consent to the transfer, as an indication that (A) the transferee is able to comply with any of its obligations under or arising out of this Agreement; or (B) the Franchisee may achieve any outcome, including improved sales or profits. In addition to, and without limiting the foregoing, nor may any such person rely on any or all the conditions being satisfied or waived, as grounds for holding Franchisor liable for any reason, including the failure of either (A) or (B), above, to occur.

e. In determining whether a transfer of an interest or assets is a Material Transfer, if that determination requires determining the percentage or other amount of interests or assets that Franchisee (or its owners) proposes to transfer, the parties must aggregate all prior transfers of interests or assets (as the case may be) that neither required nor received

Franchisor's consent--to make such determination. In such case, transfers include all direct and indirect transfers, in the aggregate, and regardless of whether they occurred (or, with the proposed transfer, will occur) in a single or a series of related or unrelated transactions, or by one or more transferors.

f. "Material Transfer" means a transfer of an interest in Franchisee, or in Franchisee's assets, requiring Franchisor's consent under this Agreement.

9.3. ***Financial and Other Information.***

FRANCHISOR shall have the right, but not the obligation, to furnish any prospective assignee with copies of all financial statements which have been furnished by FRANCHISEE to FRANCHISOR in accordance with this Agreement during the one (1) year period prior to the date of the approval of the proposed assignment, transfer or sale is sought. FRANCHISOR shall also have the right to advise any prospective assignee of any uncured breaches or defaults by assignor under this Agreement, or any other agreement relating to the Franchised Business proposed to be assigned, transferred, or sold. FRANCHISOR'S approval of such proposed transaction shall not, however, be deemed a representation or guarantee by FRANCHISOR that the terms and conditions of the proposed transaction are economically sound or that, if the transaction is consummated, the assignee will be capable of successfully conducting the Franchised Business and no inference to such effect shall be made from such approval.

9.4. ***Right of First Refusal***.

Except as expressly provided in Section 9.2 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 and shall be applicable to the entire interest of FRANCHISEE:

a. FRANCHISEE 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 partnership or corporate assignee, of its partners and shareholders, as applicable.

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, in accordance with Section 9.2 of this Article IX, 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, FRANCHISEE shall, subject to the provisions of Section 9.2 of this Article IX, be free to assign this Agreement to such 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 such assignment occurring, 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.

9.5. ***Death or Disability.***

Upon the death or mental or physical incompetency (as reasonably determined by an independent third party such as a licensed doctor) of any person with any direct or indirect interest in FRANCHISEE and who has managerial responsibility for the operation of the Franchised Business, the executor. administrator, or personal representative of such person shall transfer his or her interest to a third party approved by FRANCHISOR within nine (9) months after the death or finding of incompetency. Such transfers shall be subject to the same conditions as set forth in sub Section 9.2, above. If the heirs or beneficiaries of any such person are unable to meet those conditions, FRANCHISOR may terminate this Agreement.

9.6. ***Business Entity***.

a. The following provisions shall be applicable to a FRANCHISEE that is or becomes a corporation or limited liability company a “business entity”:

i. All of the owners of FRANCHISEE shall agree in writing that no such owner will sell, assign, or transfer any of his ownership interests to any person or company without the written consent of FRANCHISOR;

ii. No ownership interests in the business entity FRANCHISEE will be issued to any person or company other than the then owners without the written consent of FRANCHISOR;

iii. In the event of a violation of the provisions of subsections (i) or (ii) above, or in the event ownership interests are sold, assigned, transferred, or issued in violation thereof, FRANCHISOR shall have the option and right, after giving FRANCHISEE thirty (30) days written notice in which to cure such violation, to forthwith cancel and terminate this Agreement, and thereupon the rights and obligations hereunder shall cease, but such termination shall not affect the rights hereunder of FRANCHISOR, to take action or abstain from taking action after the termination hereof, as provided elsewhere in this Agreement;

iv. Subject to the provisions of Section 9.2.a, the merger or sale or transfer of any class of ownership interests in a business entity FRANCHISEE whether by operation of law or otherwise, or a transfer of substantially all of the assets of the Franchised Business shall be deemed an attempted assignment of this Agreement, requiring the prior written consent of FRANCHISOR. If FRANCHISOR is a partnership, the sale or transfer of any general partner's interest or the sale or series of sales or transfers of limited partnership interests (including transfers of shares in corporate partners) whether by operation of law or otherwise, shall be deemed an attempted assignment of this Agreement and shall require the prior written consent of FRANCHISOR.

ARTICLE 10.
CONFIDENTIALITY AND NON-COMPETITION

10.1. ***Proprietary Rights and Confidentiality.***

Nothing contained in this Agreement shall be construed to require FRANCHISOR to divulge to FRANCHISEE any confidential or proprietary information, except for the material contained in the

Operation's Manual and training materials. FRANCHISEE acknowledges that knowledge of FRANCHISOR'S know how, techniques, information, and other proprietary data is derived entirely from information disclosed to FRANCHISEE by FRANCHISOR and that such information is proprietary, confidential, and trade secrets of FRANCHISOR (the "Confidential Information"). FRANCHISEE agrees to adhere fully and strictly to all confidentiality attached to such information and to exercise the highest degree of diligence in safeguarding trade secrets during and after the expiration or sooner termination of the Term. FRANCHISEE shall divulge such material only to employees and only to the extent necessary to permit the effective operation of the Franchised Business. It is expressly agreed that the ownership of all the Confidential Information is and shall remain vested solely in FRANCHISOR.

FRANCHISEE further agrees that FRANCHISEE:

a. will not use the Confidential Information in any other business or capacity;

b. will maintain the absolute confidentiality of the Confidential Information during and after the expiration or sooner termination of the Term;

c. will not make unauthorized copies of any portion of the Confidential Information disclosed in any form including, but not limited to: electronic media, written form, or other tangible forms;

d. will adopt and implement all reasonable procedures prescribed by FRANCHISOR, from time to time, to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to the employees and the use of nondisclosure and non-competition agreements that the FRANCHISOR may prescribe for persons having access to Confidential Information.

However, disclosure of the Confidential Information may be made in judicial or administrative proceedings, but when and only to the extent FRANCHISEE is legally compelled to disclose same, provided that FRANCHISEE first gives FRANCHISOR the opportunity to obtain an appropriate protective order or other assurance that the confidential nature of the material to be disclosed will be maintained.

FRANCHISEE further agrees that if, in the course of the operation of the Franchised Business, FRANCHISEE and FRANCHISEE'S employees or associates develop ideas, concepts, methods, techniques or improvements ("improvements") FRANCHISEE agrees to disclose same to FRANCHISOR. The FRANCHISOR will be deemed to own the improvements and may use them and authorize other franchisees to use them in the operation of their businesses. Improvements will also constitute Confidential Information.

10.2. ***Restrictive Covenant.***

a. <u>In Term and Post Term</u>

FRANCHISEE agrees that during the Term and for a period of two (2) years immediately following its expiration or sooner termination for any reason, FRANCHISEE will not, either directly or indirectly, as a proprietor, partner, investor, lender, landlord, shareholder, member, director, manager, officer, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant or otherwise engage in any other business which competes directly or indirectly with the Franchised Business, if such other business is located within the Territory or within fifty (50) miles of any business then franchised by FRANCHISOR or any of its Affiliates, or owned or operated by FRANCHISOR or any of its Affiliates. Nothing in this Agreement shall prevent FRANCHISEE or its shareholders, members, directors, officers, managers (if a business entity) or employees from owning for investment purpose up to an aggregate of two (2%) of the capital stock of any competitive business that is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), provided that FRANCHISEE does not control such company or perform any services for any such company.

The foregoing prohibition shall, without limitation, also preclude FRANCHISEE, directly or indirectly, from:

i. engaging in any activity to solicit, encourage, or induce any customer doing business with any other franchisee (wherever located) to commence doing business with FRANCHISEE, except with FRANCHISOR'S prior written consent;

ii. engaging or seeking to engage (as an employee or contractor) in a commercial relationship with any person-who is at, or was within six months before, the time that FRANCHISEE so acts-already engaged in a commercial relationship with FRANCHISOR or any of its Affiliates or franchisees, inducing or seeking to induce, or in any other manner advise or influence, such person to leave his, her or its engagement, nor attempting to encourage any employee, customer, vendor, consultant, lender, supplier, or other contractor, representative or material business contact of FRANCHISOR or any of its Affiliates, to terminate or otherwise disrupt its relationship with FRANCHISOR or any of its Affiliates or to compete against FRANCHISOR or any of its Affiliates. Solicitation in violation of this Agreement would include contacting or otherwise communicating (directly or indirectly) with any employee, customer, vendor, consultant, lender, supplier, or other contractor, representative or material business contact of FRANCHISOR or any of its Affiliates or franchisees so that the individual, organization, or entity contacted may facilitate, assist, or set-up (directly or indirectly) an introduction as between FRANCHISEE and another individual, organization, or entity (whether or not that other individual, organization, or entity is a current, former, or prospective customer). However, the above excludes the use of general, public advertisements or the use of professional recruiters not directed to FRANCHISOR or any of its franchisees.

iii. being an owner, officer, director, manager, employee, contractor, landlord, lender, or acting in any other capacity, to, directly or through any third party, solicit, divert, taking away, or interfere with any of the business, customers, employees, contractors, trade or patronage of FRANCHISOR or FRANCHISOR’S Affiliates, or any of their respective franchisees, as such may exist during the Term;

iv. using any reproduction or colorable imitation of the Trademarks or Trade Dress, imitating any methods of operation, or undertaking any other conduct that is likely to cause confusion, mistake, or deception, or that is likely to dilute FRANCHISOR's rights in and to the Trademarks or Trade Dress; or

v. using or attempting to register (or assisting any third party to do engage in either conduct) any trademarks, service marks, or other commercial symbol that is the same as or similar to any of the Trademarks, or any mark with phonetic or graphic similarity to those of FRANCHISOR or its Affiliates. In addition, neither the FRANCHISEE nor any of its owners shall use any designation of origin or description or representation that falsely suggests or represents an association or connection with the System or FRANCHISOR, or any of its Affiliates.

For purposes of the foregoing:

i. "Competitive Business": means any business operating or awarding franchises or licenses to others to operate an insurance agency business, or the operation of any insurance agency business, or any other business that provides the same or similar services customarily offered under the System.

ii. "directly or indirectly": with respect to conduct of FRANCHISEE, any of its owners, or any of their respective Affiliates, includes, but is not limited to, conduct of any person (natural or otherwise) under FRANCHISEE'S or any of its owner's or their respective Affiliate's control, and regardless of control, respect to each such person (if a natural person), conduct of any of such person's spouse, children, parents, brothers, sisters, any other relative, friends, trustees, agents or associates.

b. Independent Covenants

The parties agree that each of the forgoing covenants shall be construed as independent of any other covenant or provision of this Agreement. The parties further agree that the foregoing restrictions limit FRANCHISEE'S right to compete only to the extent necessary to protect FRANCHISOR from unfair competition. Should any part of one or more 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, FRANCHISEE and FRANCHISOR agree that the same shall be enforced to the fullest extent permissible under the law. In addition, FRANCHISOR may, unilaterally, at any time, in its sole discretion, revise any of the covenants in this subsection, so as to reduce the obligations of FRANCHISEE hereunder. The running of any period of time specified in this subsection shall be tolled and suspended for any period of time in which FRANCHISEE is found by a court of competent jurisdiction or an arbitrator to have been in violation of any restrictive covenants. FRANCHISEE 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 subsection.

c. Nondisparagement

Except as required in connection with any legal process, FRANCHISEE agrees on behalf of itself and its Affiliates that none of them shall, and each of them shall cause others not to, following the date hereof, in public or in private, make any statements or suggestions, whether in writing, orally or otherwise, of a disparaging nature regarding FRANCHISOR, its System, Affiliates or franchisees, or any of their respective businesses.

d. Enforcement of Covenants

FRANCHISEE acknowledges that a violation of the terms of the covenants in this Section would result in immediate or irreparable injury to FRANCHISOR for which no adequate remedy at law may be available. Accordingly, FRANCHISEE hereby consents to the entry of an injunction prohibiting any conduct by FRANCHISEE or any of its Affiliates in violation of the terms of the covenants set forth in this Section.

e. Separate Agreement

All owners of FRANCHISEE (including all partners, shareholders and members), and their respective spouses, and all officers, directors, managers and key management personnel (regardless of title), except for the individual FRANCHISEE and spouse signing this Agreement, shall execute FRANCHISOR'S standard form Confidentiality, Non-Disclosure and Non-Competition Agreement (Exhibit "E"). Franchisee may not engage in any conduct that if any such owner engaged in it would be a violation of such owner's obligation to FRANCHISOR.

f. New Locations

Periodically, employees or contractors of FRANCHISEE may desire to apply to open their own franchised business from FRANCHISOR. The growth of the System, including from increased customer goodwill and name recognition, is acknowledged by the parties to be of benefit to them. Accordingly, in the event that any employee or contractor does apply to open their own franchised business, they may do so. Regardless of whether they become a franchisee of FRANCHISOR, and regardless of whether FRANCHISEE solicited them to apply for a franchise, neither they nor FRANCHISOR shall have any liability, directly or indirectly, from, arising out of, or in connection with, such solicitation, application, or any subsequent grant of franchise rights or the operation of a franchise from FRANCHISOR.

ARTICLE 11.
DEFAULT AND TERMINATION

11.1. Without limiting any rights of FRANCHISOR or obligations of FRANCHISEE, FRANCHISEE acknowledges and agrees that its use of or benefit from any and all software or website functionality which FRANCHISOR provides (or authorizes, directs or requests any third party to provide), and its use of or benefit from any other services for the FRANCHISEE'S benefit, relating to the Franchised Business is conditioned upon FRANCHISEE's full and faithful performance of its and its owners' respective obligations under or arising out of this Agreement. If FRANCHISEE or any of its direct or indirect owners' breaches any of their respective obligations under or arising out of this Agreement, FRANCHISOR may pursue all its rights and remedies at law or in equity, whether arising out of this Agreement or any other related agreement, or as permitted under applicable law. In addition to, and without limiting any such rights or remedies, if any such breach occurs, FRANCHISOR may in its sole discretion suspend or cause the suspension of FRANCHISEE's use of or benefit from any or all software or website functionality, and from any other services provided by FRANCHISOR or by a third party for the benefit of FRANCHISEE, regardless of the effect on and without any liability to FRANCHISEE, for the Suspension Period (as defined below). These other services may include but are not limited to, training or access by FRANCHISEE, its customers, or others, to software or online services, including websites. The "Suspension Period" means, with respect to a breach, the period that such breach continues, has not been cured to the reasonable satisfaction of FRANCHISOR, and fifteen (15) days thereafter. Such suspension, if any, shall not excuse, partly or wholly, FRANCHISEE from any of its obligations under or arising out of this Agreement.

11.2. ***Termination in General.***

FRANCHISOR may not terminate this Agreement prior to the expiration of its term except for "good cause," which shall mean the occurrence of any event of default described below. Upon the occurrence of any event of default, 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 FRANCHISEE'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 if stated below, automatically upon the occurrence of, or the lapse of the specified period following, an event of default.

11.3. ***Termination with Notice.***

FRANCHISOR shall exercise its right to terminate this Agreement upon notice to FRANCHISEE upon the following circumstances and in the following manner:

a. Except with respect to FRANCHISEE'S failure to pay any of the sums due FRANCHISOR or any of its Affiliates, or except as herein otherwise expressly provided, FRANCHISOR may terminate this Agreement only upon thirty (30) days prior written notice to FRANCHISEE, setting forth the breach complained of. If FRANCHISEE shall cure said breach, prior to the end of such period, FRANCHISOR'S right to terminate this Agreement shall cease; provided, however, that if, because of the nature of said breach, FRANCHISEE shall be unable to cure the same within said thirty (30) day period, FRANCHISEE shall be given such additional time as shall be reasonably necessary in FRANCHISOR'S subjective judgment within which to cure said breach, upon the condition that FRANCHISEE shall, upon receipt of such notice from FRANCHISOR, immediately commence to cure such breach and continue to use FRANCHISEE'S best efforts to do so.

b. With respect to any default by FRANCHISEE of the obligation to pay any sums due FRANCHISOR under this Agreement or any instrument or document related to or derived from this Agreement or to Affiliate of Franchisor with whom FRANCHISEE may deal, FRANCHISOR may terminate this Agreement upon ten (10) days prior written notice of such default. If FRANCHISEE shall cure said default prior to the end of such period, FRANCHISOR'S said right to terminate shall cease.

c. The description of any default in any notice served by FRANCHISOR hereunder upon FRANCHISEE shall in no way preclude FRANCHISOR from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination thereof.

11.4. ***Termination without Notice*.**

FRANCHISOR shall have the right to terminate this Agreement without prior notice to FRANCHISEE upon the occurrence of any or all of the following events, each of which shall be deemed an incurable breach of this Agreement:

a. <u>Abandonment</u> In the event FRANCHISEE shall abandon the Franchised Business. For purposes of this Agreement, "abandon" shall refer to: (i) FRANCHISEE'S failure, at any time during the term of this Agreement, to keep the business open and operating for business for a period of five (5) consecutive days, except as provided in the Operations Manual; (ii) FRANCHISEE'S failure to keep the Franchised Business open and operating for any period after which it is not unreasonable under the facts and circumstances for FRANCHISOR to conclude that FRANCHISEE does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond FRANCHISEE'S control; (iii) failure to actively and continuously maintain and answer FRANCHISEE'S telephone; and (iv) failure to open the Franchised Business as required.

b. Bankruptcy and Insolvency In the event that: (i) FRANCHISEE shall become insolvent, shall admit inability to meet FRANCHISEE'S financial obligations as they become due, or shall enter into liquidation (either compulsory or voluntary); (ii) FRANCHISEE shall allow a judgment in the amount of more than Five Thousand Dollars ($5,000) to remain unsatisfied for a period of more than thirty (30) days; (iii) an administrative order is made against FRANCHISEE or a receiver is appointed in respect of all or a part of FRANCHISEE'S assets; (iv) FRANCHISEE allows or permits any judgment to be entered against FRANCHISEE or FRANCHISOR, or any Affiliate of either, arising out of or relating to the operation of the Franchised Business; or (v) FRANCHISEE is convicted of any serious crime, or FRANCHISEE'S actions or conduct have an adverse effect on the System, the Trademarks or FRANCHISOR'S goodwill.

c. Assignment; Death or Incapacity of FRANCHISEE In the event that FRANCHISEE shall purport to sell, assign, transfer or encumber in whole or in part the Franchised Business, without the prior written consent of FRANCHISOR; provided, however, that in the event of the death or legal incapacity of FRANCHISEE, or a shareholder of a corporate FRANCHISEE, FRANCHISOR shall, upon written request, allow a period of up to twelve (12) months after such death or legal incapacity for the heirs, personal representatives, or conservators of FRANCHISEE or said shareholder to themselves enter into a new franchise agreement or, if FRANCHISOR withholds consent to such transfer, to sell the applicable interest in the Franchised Business to a person approved by FRANCHISOR. If said heirs, personal representatives or conservators fail to enter into a new franchise agreement or sell or assign to an approved buyer as aforesaid within said twelve (12) month period, this Agreement shall thereupon automatically terminate.

d. Knowing Under reporting If an audit or investigation conducted by FRANCHISOR pursuant to paragraph 4.5 hereof, disclosed that FRANCHISEE has knowingly understated Gross Revenues or withheld the reporting of same as herein provided.

e. Repeated Defaults If FRANCHISEE or any of its direct or indirect owners shall default in any obligation as to which FRANCHISEE has previously received a notice of default from FRANCHISOR within the preceding twelve (12) months, such repeated course of conduct shall itself be grounds for termination of this Agreement without further notice or opportunity to cure.

f. Misrepresentation If FRANCHISEE or any of its direct or indirect owners made any misrepresentation relating to the acquisition of the Franchised Business or if FRANCHISEE or any of its direct or indirect owners engages in conduct which FRANCHISOR determines reflects unfavorably upon the operation and reputation of the Franchised Business or System.

g. Violation of Law If FRANCHISEE fails, for a period of ten (10) days after having received notification of noncompliance from FRANCHISOR or any governmental or quasi-governmental agency or authority, to comply with any law or regulation applicable to the operation of the Franchised Business, or if FRANCHISEE fails at least 3 times during any consecutive 12-month period to comply with any such law or regulation regardless of whether FRANCHISEE cured such noncompliance.

h. Failure to Deposit If FRANCHISEE fails to deposit promptly all premium payments in the bank account(s) designated for such purpose by FRANCHISOR. "Promptly" shall mean, by to 2:00 p.m. of the business day following the day of receipt.

i. Soliciting Employees and Contractors If FRANCHISEE or any of its direct or indirect owners directly or indirectly shall recruit or hire any employee or contractor of FRANCHISOR, FRANCHISOR'S Affiliate, or any franchisee of FRANCHISOR without prior written consent of FRANCHISOR or the applicable franchisee. For purposes of the prior sentence, any person who was employed or engaged by FRANCHISOR, any FRANCHISOR Affiliate, or any franchisee of Franchisor in the six-month period before such recruiting or hiring shall be considered an employee of such former employer. Engaging in communications with a third party about recruiting or hiring such person is deemed recruiting such person regardless of who initiated the communications.

j. Failure to Complete Training; Failure to Obtain Licenses If FRANCHISEE fails to complete the required initial training program to FRANCHISOR'S satisfaction or fails to obtain any and all necessary state licenses.

k. Failure to Secure Location If FRANCHISEE fails to select and obtain approval for FRANCHISEE'S Location within ninety (90) days of execution of this Agreement or such longer period as is agreed to by FRANCHISOR and FRANCHISEE.

l. Failure to Meet Premium Production If FRANCHISEE fails to attain a level of $600,000 of gross premiums written at the end of the first twenty-four (24) months of the Term and maintain such level for each twelve (12) month period thereafter.

ARTICLE 12.
FURTHER OBLIGATIONS AND RIGHTS OF THE PARTIES UPON TERMINATION OR EXPIRATION

12.1. ***FRANCHISOR'S Rights.***

In the event of expiration or sooner termination of this Agreement, whether by reason of default, lapse of time, or other cause, FRANCHISEE shall: (i) immediately discontinue the use of the Trademarks; (ii) not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that FRANCHISEE is operating a business as a franchisee of FRANCHISOR and shall promptly take such action as FRANCHISOR may direct to prevent any possible confusion in the mind of the public as to FRANCHISEE'S non affiliation with FRANCHISOR, including but not limited to, removal of sign age, advertising, and furnishings that might tend to cause the public to associate FRANCHISEE with FRANCHISOR or its franchisees or the System; (iii) immediately return the Operations Manual and all other manuals, bulletins, instruction sheets, and supplements and copies thereof to FRANCHISOR; (iv) cause the telephone numbers and all related telephone directory listings to be assigned to FRANCHISOR, or its designee, or terminate all such telephone numbers and listings, as required by FRANCHISOR pursuant to 12.4 below; and (v) not thereafter use, in any manner, or for any purpose, directly or indirectly, any of FRANCHISOR'S trade secrets, trade dress, procedures, techniques, or materials acquired by FRANCHISEE by virtue of the relationship established by this Agreement, including, without limiting the generality of the foregoing: (a) all manuals, bulletins, instruction sheets, and supplements thereto; (b) all forms, advertising matter, marks, devices, insignia, slogans and designs used from time to time in connection with the Franchised Business; (c) all supply lists, specifications or standards; and (d) all Trademarks or trade names now or hereafter applied for or granted in connection therewith.

12.2. ***Termination without Prejudice; Survival.***

The expiration or sooner termination of the Term shall be without prejudice to the rights of FRANCHISOR against FRANCHISEE and such expiration or sooner termination shall not relieve FRANCHISEE of any of its obligations to FRANCHISOR existing at the time of expiration or termination or terminate those obligations of FRANCHISEE which, expressly or by their nature, survive the expiration or sooner termination of the Term. All covenants, agreements, representations and warranties made in this Agreement by FRANCHISEE shall continue in full force and effect subsequent to and notwithstanding the Term’s expiration or sooner termination and until they are satisfied or by their nature expire, including the terms of Articles 10-17.

12.3. ***Telephone Numbers.***

FRANCHISEE acknowledges that there will be substantial confusion in the mind of the public if, after the expiration or sooner termination of this Agreement, FRANCHISEE continues to use the telephone number listed in a phone directory under the name "ESTRELLA", any other Trademark, or any other name or mark confusingly similar thereto. Therefore, FRANCHISEE agrees that within seven (7) days after the expiration or sooner termination of this Agreement for any reason whatsoever, FRANCHISEE shall upon FRANCHISOR'S request execute all documents necessary or proper in FRANCHISOR'S judgment to transfer the right to use and control the telephone number(s) pertaining to the Franchised Business to FRANCHISOR or its designee and will direct the telephone company servicing the Franchised Business to transfer the telephone number(s) listed for the Franchised Business in the telephone directory, to FRANCHISOR or to such person and at such location as FRANCHISOR shall direct.

12.4. ***Books and Records.***

In addition to FRANCHISEE'S copy of the Operations Manual, the FRANCHISEE shall immediately return to FRANCHISOR all materials, including records, files, instructions, correspondence, all materials related to operating the Franchised Business, including, but not limited to, brochures, agreements, lists of names of customers and permanent and temporary employees, and any and all other materials relating to the operation of the Franchised Business in the FRANCHISEE'S possession or control, and all copies and any other forms of reproductions thereof (all of which are acknowledged to be the sole and exclusive property of FRANCHISOR), and shall retain no copy or record of any of the foregoing, excepting only the FRANCHISEE'S copy of this Agreement and related agreements and of correspondence between the parties, and copies of any other documents which the FRANCHISEE reasonably needs for compliance with any provision of law. FRANCHISOR shall reimburse the FRANCHISEE for the reasonable cost of delivering the foregoing materials to FRANCHISOR promptly after receipt of reasonable evidence of such costs.

12.5. ***Liquidated Damages for Premature Termination***.

If FRANCHISEE has defaulted under this Agreement (and failed to cure if expressly permitted under this Agreement), and thereafter FRANCHISOR terminates this Agreement, or, thereafter this Agreement terminates automatically without action by the FRANCHISOR, the parties acknowledge that it would be difficult if not impossible to determine the amount of damages that FRANCHISOR would suffer due to the loss or interruption of the revenue stream FRANCHISOR otherwise would have derived from FRANCHISEE'S continued operation and compliance with this Agreement (including its continued payment of Royalties and other payments payable to or for the benefit of FRANCHISOR, and the promotion of public recognition and goodwill toward the Trademarks and System), had this Agreement not terminated before the Term expired (collectively, the "Payments"). A reasonable estimate of the damages is, and FRANCHISEE agrees to pay to FRANCHISOR as compensation for such damages, an amount (the "Termination Payment") equal to the greater of (a) the then net present value of the Payments that would have become due had the Agreement not been terminated, from the date of termination through the expiration of the Term (without any sooner termination) as set forth in Section 3.1 above (the number of such remaining calendar months (whether whole or partial, the "Remaining Months") or (b) a minimum of $1,000 multiplied by the Remaining Months. For this purpose, Payments shall be calculated based on the average monthly Royalties, Marketing Fees and other payments payable to or for the benefit of FRANCHISOR or System during the 12 months preceding the effective date of termination, provided that such period shall instead be (a) if the Franchised Business has been operating for less than 12 months, the period of time the Franchised Business has been operating preceding the default, projected on a 12-calendar-month basis, or (b) if at the time of termination less than 12 Remaining Months remain, the period of months (and any portion thereof), the Franchised Business has been operating preceding the FRANCHISEE'S default equal to the number of Remaining Months. If for any reason FRANCHISOR lacks enough information from the FRANCHISEE to properly calculate the amounts due during the 12 months preceding the effective date of termination, FRANCHISOR may make its own estimate. Such estimate shall be final and binding on FRANCHISEE. However, within 30 days after FRANCHISOR has delivered notice of such estimate to FRANCHISEE, if FRANCHISEE has delivered to FRANCHISOR information that FRANCHISOR deems reasonably satisfactory to it to calculate any or all of the actual amounts due during such 12-month period, FRANCHISOR shall recalculate such amounts based on such information and such recalculated amount shall be final and binding on FRANCHISEE. The Termination Payment constitutes liquidated damages for the termination of this Agreement before the expiration of its Term and not a penalty. A precise calculation of the full extent of damages that FRANCHISOR will incur if this Agreement terminates cannot be reasonably determined. Nevertheless, the Termination Payment is reasonable in light of the damages for premature termination that FRANCHISOR may reasonably be expected to incur in such event.

This sum is not a penalty and is intended by the parties only as a compensatory remedy for past breaches and not as a preventative remedy to deter future breaches. Nor does this sum represent a price for the privilege of not performing or its payment represent an alternative manner of performance. Accordingly, as a purely liquidated damage provision, this Section does not preclude, nor is inconsistent with, a court granting FRANCHISOR specific performance or any other equitable remedies, such as an injunction, to prevent future breaches. FRANCHISOR'S rights to liquidated damages and specific performance or any other equitable relief are not mutually exclusive. The calculation of the Termination Payment described in this Section is a calculation only of the damages from a premature termination and nothing herein shall preclude or limit FRANCHISOR from obtaining other damages caused by FRANCHISEE'S breach of the Agreement.

ARTICLE 13.
ARBITRATION

13.1. ***Procedures***.

a. Any dispute or controversy between the parties arising out of or relating to this Agreement, including 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 panel of three (3) arbitrators in accordance with the Commercial Rules of Arbitration of the American Arbitration Association then in effect, to be conducted where the principal office of FRANCHISOR is then located. The choice of organization conducting the arbitration shall be made by the party filing for arbitration. All matters relating to such arbitration shall be governed by the Federal Arbitration Act. (9 U.S.C. Sec. 1 et seq.) In any such arbitration, the Federal Rules of Civil Procedure in effect at the time of the filing of the arbitration demand, including, but not limited to, the rules of evidence and the rules regarding discovery, shall apply. The arbitrator has the sole authority to determine the eligibility of a dispute for arbitration and whether it has been timely filed. If the panel of arbitrators issues a subpoena or otherwise orders discovery, and if a party subject to said subpoena or discovery order fails to comply, the other party may apply to any court of competent jurisdiction for an order compelling compliance with the arbitrators' subpoena or order. To the fullest extent permitted by law, FRANCHISEE 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.

b. 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.

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

d. FRANCHISOR and FRANCHISEE agree that arbitration shall be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between FRANCHISOR and FRANCHISEE shall not be consolidated with any other arbitration proceeding involving FRANCHISOR and any other person, corporation, partnership or other entity. FRANCHISEE further agrees that FRANCHISEE is precluded from filing a class action or acting as a class representative.

e. Prior to any arbitration proceeding taking place, FRANCHISEE or FRANCHISOR may, at its 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.

f. The obligation herein to arbitrate shall not be binding upon either party with respect to claims by either party for temporary restraining orders, 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.

FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT FRANCHISEE HAS READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND AFFIRMS THAT THE PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS OR UNDUE INFLUENCE ON THE PART OF FRANCHISOR OR ANY OF THE FRANCHISOR'S AGENTS OR EMPLOYEES.

ARTICLE 14.
GENERAL CONDITIONS AND PROVISIONS

14.1. *Relationship of FRANCHISEE to FRANCHISOR.*

a. It is expressly agreed that the parties intend by this Agreement to establish between FRANCHISOR and FRANCHISEE the relationship of franchisor and franchisee. It is further agreed that FRANCHISEE has no authority to create or assume in FRANCHISOR'S name or on behalf of FRANCHISOR, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of FRANCHISOR for any purpose whatsoever. Neither FRANCHISOR nor FRANCHISEE is the employer, employee, agent, partner or co venturer of or with the other, each being independent. FRANCHISEE agrees that FRANCHISEE will not hold FRANCHISEE out as the agent, employee, partner or co venturer of FRANCHISOR. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

b. FRANCHISEE'S employees are solely the employees of FRANCHISEE; FRANCHISOR has no control, obligation, or responsibility for or to FRANCHISEE'S employees or FRANCHISEE'S employment policies or decisions. As to FRANCHISEE'S employees, FRANCHISEE is solely responsible for: their hiring, firing; promotion or demotion; employment policies, including employee relations; human resources matters; controlling work schedules and conditions of employment (e.g., meal and rest breaks, time-keeping); determining pay rates, method of payment and classification; benefits and maintenance of employment records; monitoring performance; and training and supervision.

c. FRANCHISEE acknowledges that while FRANCHISOR has responsibility for the integrity, promotion and quality the Trademarks and services associated therewith, FRANCHISEE is solely responsible for the day-to-day decisions and operations of the Franchised Business consistent with FRANCHISOR'S policies.

14.2. *Indemnity by FRANCHISEE.*

At all times during the Term and after its expiration or sooner termination, FRANCHISEE hereby agrees to indemnify and hold harmless FRANCHISOR, and all of its Affiliates, and their respective past, present and future owners, officers, directors, managers, employees, agents, attorneys and representatives and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature, including those in connection with all local, state and federal employment and labor laws and regulations, and all Information Privacy Laws, on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with FRANCHISEE'S operation of the Franchised Business pursuant hereto.

14.3. ***FRANCHISOR'S Right to Cure Defaults.***

In addition to all other remedies herein granted if FRANCHISEE shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement, FRANCHISOR may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to FRANCHISEE, cure such default for the account and on behalf of FRANCHISEE, and the cost to FRANCHISOR thereof shall be due and payable on demand and shall be deemed to be additional compensation due to FRANCHISOR hereunder and shall be added to the amount of compensation next accruing hereunder, at the election of FRANCHISOR.

14.4. ***Waiver and Delay.***

The failure or delay of FRANCHISOR at any time to require performance by FRANCHISEE or any of its Affiliates of any provision of this Agreement or of any other agreement between FRANCHISEE (or any of its Affiliates) and FRANCHISOR (or any of its Affiliates shall not affect the right of FRANCHISOR (or its Affiliate, if applicable) to require performance of that provision or to exercise any right, power or remedy hereunder or thereunder. A waiver by FRANCHISOR (or any of its Affiliates) of any breach of any provision of this Agreement or any other agreement should not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right, power or remedy under this Agreement or any other agreement. No notice to or demand on FRANCHISEE (or any of its Affiliates) in any case shall, of itself, entitle such person to any other or further notice or demand in similar or other circumstances. The terms of this section apply to failures or delays to require performance, regardless of whether FRANCHISOR (or its Affiliate) knows of such failure or delay, and applies to all agreements currently existing and which in the future may exist.

14.5. ***Successors and Assigns.***

This Agreement shall be binding upon, inure to the benefit of, and enforceable by, the parties and their respective legal representatives, heirs, successors and permitted assigns.

14.6. ***Joint and Several Liability.***

FRANCHISEE is jointly and severally liable for the conduct of each person constituting FRANCHISEE'S Group. Such liability is to the same extent as if FRANCHISEE engaged in such conduct itself. FRANCHISEE must ensure that none of such persons engage in conduct that FRANCHISEE is prohibited from engaging in under or arising out of this Agreement. This applies to obligations of confidentiality and noncompetition owed to FRANCHISOR. "FRANCHISEE'S Group" means, at the time of the conduct in question: the then current or former (i) FRANCHISEE owners, officers, directors, managers, contractors, employees, agents, representatives, and the spouses (if any) of the foregoing persons, and, (ii) if not otherwise previously listed, any person that is an immediate Family Member of any FRANCHISEE or any of its owners. "Immediate Family Member" means, with respect to an individual, such individual's grandparent, aunt, uncle, cousin, mother, father, or lineal descendent or spouse of such individual, or of any such family member, or any trust for the benefit in part or whole of such individual or of any such family member.

References to the foregoing relationships mean those that are biological, adoptive, in-law, or step relationships. Half-siblings are, for all purposes, considered siblings.

14.7. ***Governing Law.***

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. Statute 1051 and the sections following it) or other federal law, this Agreement shall be governed by and construed in accordance with the internal laws of the state of Florida

However, if this Agreement concerns a Franchised Business located in a state other than Florida and the laws of that state require terms other than those or in addition to those contained herein, then this Agreement shall be deemed modified so as to comply with the appropriate laws of such state, but only to the extent necessary to prevent the invalidity of this Agreement or any provision hereof, the imposition of fines or penalties upon FRANCHISOR (or any of its owners, officers, directors, managers or employees), or the creation of civil or criminal liability of FRANCHISOR (or any of its owners, officers, directors, managers or employees) on account thereof.

14.8. ***Entire Agreement.***

This Agreement executed and provided to Franchisor (in connection with this Agreement (which is incorporated herein by reference, as if originally set forth herein), and any other agreements executed concurrently with this Agreement) as this Agreement requires, contains all the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other agreements oral or otherwise shall be deemed to exist or bind any of the parties hereto and all prior agreements, understandings and representations are merged herein and superseded hereby. FRANCHISEE represents that there are no contemporaneous agreements or understandings between the parties that are not contained herein. No officer or employee or agent of FRANCHISOR has any authority to make any representation or promise not contained in this Agreement, and FRANCHISEE agrees that he or she has executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed all the parties hereto, except that the mandatory standards, specifications and operating procedures contained in the manual may be modified by FRANCHISOR periodically. Nothing in this or any related agreement is intended to disclaim the representations made by FRANCHISOR in the Franchise Disclosure Document furnished to FRANCHISEE.

14.9. ***Titles for Convenience.***

Article and paragraph titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

14.10. ***Gender.***

All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or paragraph hereof may require.

14.11. ***Severability.***

a. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between the provisions of this Agreement or the Operations Manual and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such even the provisions of this Agreement or the Operations Manual thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement or the Operations Manual shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect. Without limiting the foregoing, if any provision of this Agreement or any other agreement entered into pursuant hereto is contrary to, prohibited by or deemed invalid under applicable law or regulation, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given full force and effect so far as possible. If any provision of this Agreement may be construed in two or more ways, one of which would render the provision invalid or otherwise voidable or unenforceable and another of which would render the provision valid and enforceable, such provision shall have the meaning which renders it valid and enforceable.

b. In addition to, and without limiting the provisions of the foregoing paragraph, if any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required hereunder, or the taking of 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 the Franchisor is invalid or unenforceable, the prior notice or other action required by such law or rule shall be substituted for the comparable provisions hereof. 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. FRANCHISEE agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, so though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any specification, standard or operating procedure prescribed by FRANCHISOR, any portion or portions which a court may hold to be unenforceable in a final decision to which FRANCHISOR is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement shall be effective only in such jurisdiction, unless FRANCHISOR elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions. To the extent permitted by applicable law, FRANCHISEE waives any provision of law which renders any provision of this Agreement prohibited or unenforceable in any respect.

14.12. ***Counterparts.***

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

14.13. ***Notices.***

All notices, requests, demands, consents and other communications required or permitted under this Agreement shall be in writing (including telex and telegraphic communication) and shall be (as elected by the person giving such notice) hand delivered by messenger or courier service, telecommunicated, or mailed (airmail if international) by registered or certified mail (postage prepaid), return receipt requested, addressed to the appropriate party at its address set forth below:

To FRANCHISOR:

ESTRELLA Franchising, LLC
1801 SW 3rd Avenue
Miami, Florida 33129
Attn: President
Fax (305) 444-2933

Email: ________________

To FRANCHISEE:

____

____

____

Attn: _______________________

Fax (___) ____ _____

Email: _________________

Or to such other address as any party may designate by notice complying with the terms of this section. Each such notice is deemed delivered (a) on the date delivered if by personal delivery; (b) on the date of transmission, with confirmed answer back or reasonably confirmed receipt if by telefax, email or other electronic method; or (c) on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities or courier service as not deliverable, as the case may be, if mailed or couriered.

14.14. ***Right of Offset.***

Notwithstanding any other provision of this Agreement, upon the failure of FRANCHISEE to pay any sums of money due and owing to FRANCHISOR, or any of FRANCHISOR'S Affiliates with whom FRANCHISEE has any dealing, as and when due, FRANCHISOR may, at its election, deduct all such sums remaining unpaid from any monies or credit held by FRANCHISOR for the account of FRANCHISEE and to the extent that any deficiency thereafter remains, FRANCHISOR is relieved of its obligations to FRANCHISEE hereunder.

14.15. ***Time of Essence.***

Time shall be of the essence for all purposes of this Agreement.

14.16. ***Injunction.***

The FRANCHISEE acknowledges that certain breaches of this Agreement will result in irreparable harm to the FRANCHISOR for which money damages are totally inadequate. Therefore, the FRANCHISOR shall be entitled, without bond, to the entry of temporary and permanent injunctions, orders of specific performance and other equitable relief, issued by any court of competent jurisdiction, enforcing the provisions of this Agreement relating to FRANCHISEE'S use of the Trademarks, the obligations of FRANCHISEE upon termination, non-renewal or expiration of this Agreement and assignment of the franchise and ownership interests in FRANCHISEE, to prohibit any act or omission that constitutes a violation of any applicable law, ordinance or regulation, is dishonest or misleading to customers or prospective customers, constitutes a danger to employees or customers or to the public, which may impair the goodwill associated with the Trademarks or any other threatened conduct that will cause it irreparable loss or damage, under customary equity rules. If a bond is required by statutes, rules, court order or otherwise, FRANCHISEE agrees that such bond shall be in the sum of $100.00. Further, FRANCHISEE agrees that, if a temporary injunction or restraining order is dissolved, the only remedy will be its dissolution. If the FRANCHISOR secures any such injunction, order of specific performance or other order, FRANCHISEE agrees to pay to FRANCHISOR an amount equal to the aggregate of its costs of obtaining such relief, including reasonable attorney's fees, costs of investigation and proof of facts, court costs, other litigation expense and travel and living expenses, in addition to any damage incurred by the FRANCHISOR as a result of the breach of any such provision.

14.17. ***Jurisdiction and Venue.***

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 only be brought in the court(s) of record for the State and County or the United States District Court, whose jurisdiction encompasses the location of the principal office of FRANCHISOR; (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 of the State of Florida.

14.18. ***WAIVER OF JURY TRIAL.***

THE PARTIES HEREBY MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS BETWEEN THEM WHICH ARE NOT SUBJECT TO ARBITRATION WHETHER NOW EXISTING OR HEREAFTER ARISING IN THE FUTURE, INCLUDING, WITHOUT LIMITATION, ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS WHETHER ARISING FROM OR RELATED TO THE SALE, NEGOTIATION, EXECUTION OR PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS AGREEMENT RELATES.

14.19. ***Modification of the System.***

The FRANCHISEE agrees that FRANCHISOR may modify the System at any time, and from time to time. The FRANCHISEE agrees to accept and be bound by any changes in the System as if they were part of this Agreement at the time of execution of this Agreement. The FRANCHISEE will make all expenditures and changes or modifications of the System as the FRANCHISOR may require.

14.20. ***Limitation of Claims.***

All claims, except for monies due to the FRANCHISOR arising out of or related to this Agreement or the relationship between the parties will be barred unless a legal action or arbitration proceeding is filed and timely served upon the opposing party within eighteen (18) months from the date the FRANCHISEE or the FRANCHISOR knew or should have known of the facts giving rise to the claim, except to the extent any applicable law or statute provides for a shorter period of time to bring a claim, or as otherwise required by law.

14.21. ***Waiver of Punitive Damages.***

The FRANCHISOR and FRANCHISEE (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.

14.22 ***Amendments***.

The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by the party as to whom enforcement of any such amendment, supplement, waiver or modification is sought and making specific reference to this Agreement. With respect to FRANCHISOR, only the President of FRANCHISOR has the authority to execute any amendment on behalf of it. No other officer, employee or agent of FRANCHISOR has authority to execute any amendment.

14.23 ***Remedies Cumulative.***

No remedy herein conferred upon any party is intended to be exclusive of any other remedy. Each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or, subject to any choice of law provided herein, now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any rights, power or remedy hereunder shall preclude any other or further exercise thereof.

14.24 ***Third Parties***. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies upon any Affiliates of FRANCHISEE under or by reason of this Agreement, or on any third party who may claim rights against or through FRANCHISEE. Nothing in this Agreement is intended to relieve or discharge the obligations or liability of FRANCHISEE or any of its Affiliates to FRANCHISOR or any of its Affiliates, nor shall any provision give any third person any right of subrogation or action over or against FRANCHISOR or any of its Affiliates.

14.25 ***Force Majeure***

Subject to the terms of this Section 14.25, neither party is liable for loss or damage, or deemed in breach of this Agreement, if its failure to perform its obligations results from any of the following causes:

i. extreme weather and climatic conditions (including hurricanes, cyclones, and flooding);

ii. war, acts of terrorism, strikes, natural disaster, or other acts of God; or

iv. compliance with any order generally applicable to businesses in the Territory.

Any delay in performance resulting from any of said causes extends the time for performance accordingly or excuses performance, in whole or in part, as may be reasonable. Further, any party who asserts that its performance should be excused or delayed due to any of the foregoing causes set forth in this section shall use its reasonable efforts to mitigate any failure or delay in performance due to such causes. NOTWITHSTANDING ANYTHING TO THE CONTRARY, NOTHING IN THIS SECTION 14.25 OR ANYTHING ELSE UNDER OR RELATED TO THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES RELIEVES OR EXCUSES FRANCHISEE OR ANY OF ITS AFFILIATES FROM ANY OBLIGATION TO PAY ANY MONIES OWED UNDER OR ARISING OUT OF THIS AGREEMENT OR ANY OTHER AGREEMENT WITH FRANCHISOR OR ANY OF ITS AFFILIATES, NOR

RELIEVES OR EXCUSES FRANCHISEE OR ANY OF ITS AFFILIATES OF ANY FAILURE OR DELAY IN PERFORMANCE WHICH COULD HAVE BEEN PREVENTED BY FRANCHISEE'S CONDUCT NOT BEING EITHER NEGLIGENT, RECKLESS, OR INTENTIONAL (WHICH, IN THE CASE OF INTENTIONAL, FRANCHISEE OR ANY OF ITS AFFILIATES KNOWS OR SHOULD KNOW IS LIKELY TO CAUSE SUCH FAILURE OR DELAY).

14.26 ***Definitions/Interpretations***. For all purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive, and, therefore, "or" as in "A or B," means "A or B or both"; (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole; (c) the word "person" means an individual, partnership, corporation, limited liability company, joint stock company, unincorporated organization or association, trust, joint venture, association or other organization, whether or not a legal entity, as well as any governmental authority (including the government of the United States of America and any state, commonwealth, territory, possession, county, or municipality thereof, or the government of any political subdivision of any of the foregoing, the government or agency of any foreign country, or any entity, authority, agency, ministry or other similar body exercising executive, legislative, judicial, regulatory or administrative authority or functions of or pertaining to government, including any authority or other quasi-governmental entity established to perform any of such functions).; and (d) the word "Affiliate" means: (i) with respect to a particular individual, (A) each other member of such individual's Immediate Family; or (B) any person that is directly or indirectly controlled by such individual or one or more members (which may, but need not, include such individual) of such individual's immediate Family; and (ii) with respect to a specified person other than an individual, any person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with such specified person. For purposes of this definition of Affiliate, "control" includes the possession, directly or indirectly, of the power to direct or influence the management and policies of a person whether through the holding of voting securities, by contract or otherwise. Without limitation of the definition of "control," with respect to any specified person which is an entity instead of an individual, the following shall be deemed to have control over such entity: (x) for corporations: each officer and director of such entity; for limited liability companies, each manager or officer of such entity; for each partnership, each general partner of such entity; and for trusts, each settlor or trustee of such entity; (y) each person who (directly or through one or more intermediaries or Affiliates, as otherwise defined above) holds a beneficial interest in, or has the power to exercise voting rights in, more than 5% of any class of equity securities of, the specified person; and (z) each person who otherwise has a substantial beneficial ownership interest in the specified Person.

The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein to: (i) Articles, Sections, and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (ii) an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; or (iii) a statute or other law means such statute or other law as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder.

The exhibits, schedules and other attachments to this Agreement referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting it or causing it to be drafted.

14.27 ***Antiterrorism Provisions.***

For the purposes of this Section 14.28, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, 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 Governmental Authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war. FRANCHISEE and its owners and guarantors certify that none of FRANCHISEEs employees, or anyone associated with FRANCHISEE or its Principals are listed in the Annex to Executive Order 13224. The Annex is available at

http://www.treasury.gov/offices/enforcement/ofac/sanctions/ terrorism.html

FRANCHISEE agrees not to hire any individual listed in the Annex.

FRANCHISEE certifies that FRANCHISEE has no knowledge or information that, if generally known, would result in FRANCHISEE, its Principals, its employees, or anyone associated with FRANCHISEE to be listed in the Annex to Executive Order 13224.

FRANCHISEE shall be solely responsible for ascertaining what actions must be taken by FRANCHISEE to comply with the Anti-Terrorism Laws, and FRANCHISEE specifically acknowledges and agrees that FRANCHISEE's indemnification responsibilities set forth in this Agreement pertain to FRANCHISEE's obligations under this Section.

Any misrepresentation by FRANCHISEE under this Section or any violation of the Anti-Terrorism Laws by FRANCHISEE, its owners, guarantors or other principals, or FRANCHISEE's employees shall constitute grounds for immediate termination of this Agreement and any other Agreement FRANCHISEE has entered with Franchisor or an affiliate of Franchisor, in accordance with the terms of Section 13.2 of this Agreement.

FRANCHISEE shall require and obtain execution of covenants like those set forth in this Section (as modified to apply to an individual) from any or all the following persons: FRANCHISEE's general managers, supervisors, and principals.

14.28 Interpretation. Each of the parties acknowledges that they have been or have had the opportunity to have been represented by their own counsel throughout the negotiations and at the execution of this Agreement and all of the other documents executed incidental thereto and, therefore, none of the parties hereto shall, while this Agreement is effective or after its termination, claim or assert that any provisions of this Agreement or any of the other documents should be construed against the drafter of this Agreement or any of the other documents.

14.29 ***Signatures*** This Agreement and the agreements required herein to be executed concurrently herewith may be delivered by means of telephone facsimile or electronic transmission (including, without limitation, via e-mail of copies in PDF form), and any facsimile or electronically transmitted signature page shall have the same force and effect, and be as binding, as if original signatures had been executed and delivered in person.

ARTICLE 15.
SUBMISSION OF AGREEMENT

The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by FRANCHISOR and FRANCHISEE. THIS AGREEMENT SHALL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY THE FRANCHISOR.

ARTICLE 16.
NO PROJECTIONS OR REPRESENTATIONS

16.1. ***No Reliance***.

Except as expressly provided to the contrary in this Agreement, FRANCHISOR makes no representations, warranties, or guarantees upon which the FRANCHISEE may rely. Nor does FRANCHISOR assume any liability or obligation to the FRANCHISEE by providing any waiver, approval, consent, or suggestion to the FRANCHISEE in connection with this Agreement; or by reason of any neglect, delay, or denial of any request therefor unless such conduct would otherwise constitute a breach of an express obligation of FRANCHISOR under this Agreement.

16.2. ***The FRANCHISEE's Representations***. The FRANCHISEE represents and warrants as follows:

a. ***Organization.*** If the FRANCHISEE is a corporation limited liability company, a general or limited partnership, or any other entity, the FRANCHISEE is duly organized, validly existing, and in good standing under the laws of its state of organization.

b. ***Authorization.*** The FRANCHISEE has the power to execute, deliver, and carry out the terms and conditions of the Agreement. The FRANCHISEE has taken all necessary action with respect thereto. This Agreement has been duly authorized, executed, and delivered by the FRANCHISEE and constitutes its valid, legal, and binding agreement and obligation in accordance with the terms of this Agreement, except as may be limited by applicable bankruptcy, insolvency, reorganization and other laws and equitable principles affecting creditors' rights generally from time to time in effect.

c. ***No Violation.*** Performance by the FRANCHISEE of his, her, or its obligations under this Agreement will not result in:

i. the breach of any term or condition of any contract, agreement, or other commitment to which the FRANCHISEE is a party or by which he, she, or it is bound, or constitute an event that, with notice, the lapse of time or both, would result in such a breach; nor

ii. the violation by the FRANCHISEE of any statute, rule, regulation, ordinance, code, judgment, order, injunction or decree.

d. ***No Speculative Intent.*** The FRANCHISEE is not obtaining its rights under or arising out of this Agreement for speculative or investment purposes. The FRANCHISEE has no present intention to sell or transfer or attempt to sell or transfer this Agreement or the Franchised Business in whole or in part.

The foregoing representations and warranties are true and correct on the date this Agreement is executed and will remain so throughout the Term.

16.3. ***True Copies.***

The FRANCHISEE represents and warrants that copies of all documents it furnishes to FRANCHISOR in connection with obtaining the Franchise, and as required in the future, have been and will be true and complete copies of such documents (including all amendments or modifications thereof) and contain no misleading or incorrect statements or material omissions.

16.4. ***Receipt of FDD.***

The FRANCHISEE acknowledges that it received from FRANCHISOR an FDD for the state where the Franchised Business will be located and, if different, the state where the FRANCHISEE resides (with all exhibits and supplements thereto), at least 14 calendar-days before signing this Agreement or any other binding agreement with, or making any payment to, FRANCHISOR or its Affiliate in connection with the sale of the Franchise.

16.5. ***Receipt of Completed Franchise Agreement.***

The FRANCHISEE acknowledges that it received from FRANCHISOR a completed copy of this Agreement and all related agreements, containing all material terms, with all blanks filled in (except for the date, signatures and any minor matters not material to the agreements) at least seven calendar days before signing this Agreement. Within 5 days of Franchisor's request, Franchisee must return a correct and complete estoppel letter regarding Franchisor's compliance with its obligations under or arising out of this Agreement in the form which Franchisor requests.

ARTICLE 17.
ACKNOWLEDGMENTS

FRANCHISEE hereby acknowledges the following:

a. THE FRANCHISEE'S SUCCESS IN OWNING AND OPERATING THE FRANCHISED BUSINESS IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS. SUCH FACTORS INCLUDE, TO A LARGE EXTENT, THE FRANCHISEE'S INDEPENDENT BUSINESS ABILITY. EXCEPT AS SPECIFICALLY INCLUDED IN THIS AGREEMENT, NO REPRESENTATIONS OR PROMISES, EXPRESS OR IMPLIED, HAVE BEEN MADE BY FRANCHISOR OR ANY EMPLOYEE, BROKER, OR REPRESENTATIVE OF FRANCHISOR, TO INDUCE THE FRANCHISEE TO ENTER INTO THIS AGREEMENT. NO EMPLOYEE, OFFICER, DIRECTOR, BROKER OR REPRESENTATIVE IS AUTHORIZED TO DO OTHERWISE.

b. THE FRANCHISEE ACKNOWLEDGES THAT, IN ALL OF ITS DEALINGS WITH FRANCHISOR'S OWNERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AND REPRESENTATIVES, SUCH INDIVIDUALS ACT ONLY IN THEIR REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. THE FRANCHISEE FURTHER ACKNOWLEDGES THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN THE FRANCHISEE AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE SOLELY BETWEEN THE FRANCHISEE AND FRANCHISOR. NOTWITHSTANDING THE FOREGOING, IF FRANCHISOR ENGAGES ANY BROKER, SUCH BROKER SHALL BE SOLELY LIABLE FOR ITS CONDUCT

IN CONNECTION WITH THE FRANCHISEE EXCEPT THAT FRANCHISOR SHALL REMAIN LIABLE FOR THE BROKER'S CONDUCT SOLELY TO THE EXTENT OF FRANCHISOR'S OWN CRIMINAL, INTENTIONAL OR GROSSLY NEGLIGENT CONDUCT REGARDING ENGAGING SUCH BROKER

c. IN ADDITION, FRANCHISOR MAKES NO WARRANTY AS TO THE FRANCHISEE'S ABILITY TO OPERATE THE FRANCHISED BUSINESS IN THE JURISDICTION IN WHICH THE FRANCHISED BUSINESS IS TO BE OPERATED. THE FRANCHISEE ITSELF MUST SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY WITH RESPECT TO THIS ISSUE. IF LEGISLATION ENACTED, OR REGULATION PROMULGATED, BY ANY GOVERNMENTAL BODY PREVENTS THE FRANCHISEE FROM OPERATING THE FRANCHISED BUSINESS, FRANCHISOR IS NOT LIABLE FOR DAMAGES NOR REQUIRED TO INDEMNIFY THE FRANCHISEE IN ANY MANNER WHATSOEVER OR TO RETURN ANY MONIES RECEIVED FROM THE FRANCHISEE.

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

The parties signing below constitute all the FRANCHISEE's beneficial and legal owners. Each of such parties agrees that he or she is jointly and severally liable with the other owners and the FRANCHISEE for all the FRANCHISEE's obligations under this Agreement and is bound by all the terms thereof as if he or she were the FRANCHISEE thereunder.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal on the date first written.

FRANCHISOR:

ESTRELLA FRANCHISING, LLC,
a Florida corporation

By: ______________________________________
Signature

Print Name: ________________________________

Its: ______________________________________

FRANCHISEE:

By: ______________________________________
Signature
Print Name: ________________________________

By: ______________________________________
Signature
Print Name: ________________________________

By: ______________________________________
Signature
Print Name: ________________________________

ESTRELLA INSURANCE FRANCHISE AGREEMENT ADDENDUM

LOCATION DESIGNATION AND DESCRIPTION OF TERRITORY

I. FRANCHISEE'S LOCATION

Home-Based Franchised Business:

____
____

Commercial Office Franchised Business:

____
____

II. THE TERRITORY

The Territory is:

____
____
____
____
____
____
____
____

INITIALS:

FRANCHISOR:	FRANCHISEE:
_____________________________	______________________________
Date: ________________________	Date: _________________________

EXHIBIT "A"

RIDER TO LEASE FOR COMMERCIAL OFFICE FRANCHISED BUSINESS LOCATIONS

THIS RIDER TO LEASE, is made and entered into as of this ____ day of ____________, 20___, by and between ____ (hereinafter referred to as the "Lessor"), ______________________________________ (hereinafter referred to as "FRANCHISEE") and ESTRELLA FRANCHISING, LLC (hereinafter referred to as "FRANCHISOR") and is incorporated by reference into that certain "Lease", dated as of _______________, 20___ between Lessor and FRANCHISEE (as Lessee) and is intended to amend and supplement such Lease.

For and in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00), the mutual covenants and agreements hereinafter provided and other good and valuable considerations, the receipt and sufficiently of which are hereby acknowledged by Lessor, Lessor and Lessee hereby agree as follows:

1) Lessee hereby conditionally assigns, transfers and sets over to FRANCHISOR all of Lessee's right, title and interest in and to the Lease; provided, however, that, notwithstanding the foregoing, it is understood and agreed that such assignment shall become effective only upon occurrence of both of the following conditions:

   a) Expiration or sooner termination of a certain franchise agreement between FRANCHISOR and Lessee, as FRANCHISEE (the "Franchise Agreement"), for the operation, of an insurance agency on the demised premises, as described in the Lease; and

   b) Exercise by FRANCHISOR of an option to assume the obligations of and replace Lessee as the lessee under the Lease, which option shall be exercised by FRANCHISOR, if at all, on or before thirty (30) days after expiration or sooner termination of the Franchise Agreement. If FRANCHISOR desires to exercise its option, it shall do so by giving notice to Lessor and Lessee on or before the last day of the aforesaid time period.

2) Lessor hereby consents to the aforesaid conditional assignment and agrees that if the aforesaid conditional assignment becomes effective and unconditional by the giving of notice by FRANCHISOR, FRANCHISOR shall thereafter be substituted for Lessee as lessee under the Lease. With the prior written consent of Lessor, which consent shall not be unreasonable withheld, FRANCHISOR shall have the right to reassign this Lease or sublet the demised premises to a new franchisee, who shall become the Lessee under the Lease. In the event of reassignment, FRANCHISOR shall be relieved of all liability accruing under the Lease from and after the date of the aforesaid reassignment to the new lessee.

3) Lessor agrees to give FRANCHISOR not less than thirty (30) days prior written notice of its intention to reenter and repossess the premises or to cancel the Lease on account of Lessee's default in performance of any of the terms, conditions or provisions of the Lease. During the aforesaid thirty (30) day period, FRANCHISOR may cure such default and otherwise exercise its rights under this conditional assignment.

4) Lessee agrees that at such time as FRANCHISOR exercises its option to become the Lessee under the Lease, Lessee will immediately vacate the demised premises, without removing any equipment, parts or supplies, except as authorized under the Franchise Agreement and will permit FRANCHISOR to enter upon and take possession of the demised premises.

5) Lessor is hereby authorized to rely solely upon written notice by FRANCHISOR of its option to become the Lessee under the Lease, and is hereby released and relieved of any and all liability to FRANCHISOR or Lessee for any action it takes in so relying that is undertaken in good faith and in the absence of gross negligence or intentional misconduct. FRANCHISOR and Lessee, jointly and severally, hereby agree that they will defend, indemnify and hold Lessor harmless from and against any and all claims, demands, losses, costs, expenses (including attorneys' fees and court costs) that may arise out of or in connection with any dispute between FRANCHISOR and Lessee with respect to their rights and obligations under this Agreement, including without

limitation, attorneys' fees and costs incurred by Lessor incident to the prosecution of or participation in any suit for declaratory decree, construction or interpretation of the Lease or this Rider.

LESSOR:

____

FRANCHISEE:

____

ESTRELLA FRANCHISING, LLC

By: ____

Title:

Name:

EXHIBIT "B"

ASSIGNMENT OF FRANCHISE AGREEMENT AND GUARANTY

This Agreement, made this ____ day of ______________, 20___, by and among __________________________________ ("Assignor"), __________________________________ ("Assignee"), and ESTRELLA FRANCHISING, LLC, a Florida limited liability company (the "FRANCHISOR").

Witnesseth:

Whereas, FRANCHISOR and Assignor did enter into an agreement dated ___________, 20___ (the "Franchise Agreement") wherein and whereby Assignor became entitled to certain rights and privileges and subject to certain duties and obligations, all as more particularly described in the Franchise Agreement; and

Whereas, Assignor is desiring of transferring all of Assignor's right, title and interest in and to such Franchise Agreement to the Assignee, and the Assignee is desirous of accepting such transfer; and

Whereas, such transfer shall be ineffective and of no force or effect without the consent thereto by the FRANCHISOR.

Now, Therefore, in consideration of the sum of $10.00, and other good and valuable consideration exchanged among the parties hereto, the receipt and sufficiency of which are hereby acknowledged, it is AGREED:

1. The Assignor by these presents does sell, grant, assign and convey unto the Assignee all of the Assignor's right, title and interest in and to the Franchise Agreement, and Assignor fully authorizes and empowers Assignee to exercise all rights as Assignor under the terms of said Franchise Agreement, and in the same manner as Assignor might or could do thereunder.

2. The Assignee hereby expressly assumes all of the terms, covenants and conditions under the terms of the Franchise Agreement, and expressly agrees to be bound thereby and assumes full performance thereunder.

3. The assignment of the Franchise Agreement by Assignor shall not constitute novation as between the FRANCHISOR and Assignor, and FRANCHISOR'S consent to such assignment shall not in any manner relieve or release Assignor from his responsibility, financial or otherwise, under and pursuant to the Franchise Agreement, and Assignor does hereby unconditionally guaranty the performance by Assignee of all of the terms, covenants and conditions of the Franchise Agreement, and does expressly guaranty payment of Assignee of any and all sums due and payable, now or hereafter incurred, by Assignee to FRANCHISOR pursuant to the Franchise Agreement or any renewal, extension or modification thereof, and pursuant to any contract(s) or arrangement(s) entered into in connection therewith.

In connection with Assignor's unconditional guaranty, Assignor consents and agrees that: (1) his or her liability shall be joint and several; (2) he or she shall render any payment or performance required under the Franchise Agreement upon demand if Assignee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by the FRANCHISOR of any remedies against Assignee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence with the FRANCHISOR may from time to time grant to Assignee 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 Assignor's guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement.

4. The parties hereto do hereby expressly ratify and reaffirm the Franchise Agreement, and the terms, covenants, and conditions therein contained.

5. Nothing herein contained shall in any way operate to modify or abrogate any requirement(s) in the Franchise Agreement respecting any further or future assignment of the Franchise Agreement, or the rights or obligations thereunder, in whole or in part.

6. Expressly subject to the terms herein contained, FRANCHISOR does hereby consent to the within Assignment.

In Witness Whereof, the parties hereto have set their respective hand and seal the day and year first above written.

Assignor:

____

____

Assignee:

____

____

FRANCHISOR:

ESTRELLA FRANCHISING, LLC

By: __________________________________

___________________________, President

EXHIBIT "C"

GUARANTY

This Guaranty is made and entered into by __________________________________ ________________________ a single/married man/woman (collectively, "Guarantor") in favor of ESTRELLA FRANCHISING, LLC, a Florida limited liability company ("FRANCHISOR") and its Affiliates.

WITNESSETH:

WHEREAS, ____________________________ ("FRANCHISEE") entered into that certain Estrella Insurance Franchise Agreement ("Franchise Agreement") with FRANCHISOR dated ________________________, 20____ for an insurance agency to be located at __________________________________ ("Premises"); and

WHEREAS, the undersigned have induced FRANCHISOR to execute and deliver the Franchise Agreement by agreeing to execute this Guaranty as Guarantor; and

WHEREAS, Guarantor has a financial interest in the FRANCHISEE and will benefit from FRANCHISOR entering into the Franchise Agreement with FRANCHISEE.

NOW THEREFORE, in consideration of the execution and delivery of the Franchise Agreement by the FRANCHISOR, and for other valuable consideration, the receipt sufficiency of which is acknowledged by the Guarantor, it is agreed as follows:

1. The Guarantor absolutely, unconditionally and irrevocably guarantees to the FRANCHISOR, the due and punctual payment of Royalties and other monies payable under the Franchise Agreement, as well as the full, prompt, and complete performance by the FRANCHISEE of all of FRANCHISEE'S covenants, conditions, and provisions in the Franchise Agreement, for the full term and any extensions of the Franchise Agreement. This Guaranty shall be absolute, continuing and unlimited. The Guarantor shall, on demand, pay all amounts at any time in arrears or accelerated, and will make good any and all defaults by FRANCHISEE under the Franchise Agreement, including but not limited to, attorneys' fees and costs incurred by FRANCHISOR before, during or after trial (including appeals) in connection with the enforcement of this Guaranty, whether or not suit is brought. Guarantor irrevocably appoints FRANCHISEE as its agent for service of process related to this Guaranty.

2. Guarantor does hereby further consent, covenant and agree that FRANCHISOR may from time to time, before or after any default by FRANCHISEE under the Franchise Agreement, with or without further notice or assent from Guarantor, enter into, approve or consent to the following (and this Guaranty shall remain and continue in full force and effect, notwithstanding): (a) any amendment or modification of the Franchise Agreement, whether or not Guarantor has approved same and whether or not Guarantor has any knowledge of same; (b) any assignment of the rights and obligations in any other document, instrument, or writing executed in connection with the transactions contemplated under the Franchise Agreement; (c) any extension or indulgence granted with respect to the FRANCHISEE'S payment or performance under the Franchise Agreement; (d) any release, sale, surrender, impairment, exchange, substitution of any property of any nature held by or which may create a part of any security available to FRANCHISOR for the payment or performance of any of FRANCHISEE'S obligations to FRANCHISOR; and (e) any settlement, release, adjustment, or compromise of any claim of FRANCHISOR against FRANCHISEE or any other person otherwise liable (including, without limitation, any other guarantor) for any indebtedness, liability, or obligation of FRANCHISEE guaranteed hereby.

3. Guarantor hereby waives: (a) demand, presentment, notice, protest, and all suretyship defenses at law and in equity including, without limitation, waste or impairment of collateral, if any, notice of sale for consideration and notice of default of FRANCHISEE; (b) any right to have the FRANCHISEE or any other guarantor, if any, joined

in any suit in which FRANCHISOR and Guarantor are parties; (c) any right to require the FRANCHISOR to sue the FRANCHISEE on any obligations guaranteed hereby as a prerequisite to any action by FRANCHISOR against Guarantor; (d) any right to have Guarantor joined in any suit against the FRANCHISEE and the bringing of such suit against the FRANCHISEE by FRANCHISOR shall not waive any rights that FRANCHISOR may have against the Guarantor pursuant to this Guaranty; (e) the lack of authority, death, or disability of any other party or revocation hereof by any other Guarantor or by any other party; (f) any defense arising by virtue of the failure of FRANCHISOR to file or enforce a claim of any kind or any defense based upon an election of remedies by FRANCHISOR which destroys or otherwise impairs the subrogation rights, if any, of Guarantor to proceed against FRANCHISEE for reimbursement or both; and (g) any duty on the part of FRANCHISOR to disclose to a Guarantor any facts which FRANCHISOR may now or hereafter know about the FRANCHISEE, it being understood and agreed that the Guarantor is fully responsible for being and keeping informed of the financial condition of FRANCHISEE and all the circumstances bearing on the risk of nonpayment and nonperformance of any and all obligations hereby guaranteed.

4. Any indebtedness of FRANCHISEE now or hereafter held by Guarantor is hereby subordinated to any obligations of FRANCHISEE under the Franchise Agreement to FRANCHISOR; any such indebtedness of FRANCHISEE to Guarantor, if FRANCHISOR so requests, shall be collected, enforced and received by Guarantor as Trustee for FRANCHISOR and shall be paid over to FRANCHISOR on account of the indebtedness of FRANCHISEE to FRANCHISOR, but without reducing or affecting in any manner the remaining liability of the Guarantor under the provisions of this Guaranty.

5. Guarantor shall not by reason of the performance of the terms and provisions of this Guaranty succeed to or be subrogated to the rights and privileges of FRANCHISOR against the FRANCHISEE or be deemed to be the successor or assignee of the FRANCHISOR, unless and until each and every indebtedness, liability and obligation of the FRANCHISEE to the FRANCHISOR shall have been fully paid and discharged.

6. The obligations of the Guarantor hereunder are independent of the obligations of the FRANCHISEE and upon any default under the Franchise Agreement or this Guaranty, separate action or actions may be brought and prosecuted against Guarantor, whether or not action is brought and prosecuted against Guarantor and whether or not action is brought against the FRANCHISEE. No delay on the part of FRANCHISOR in exercising any rights hereunder or failure to exercise same shall operate as a waiver of such rights. All of the rights, powers and remedies of FRANCHISOR hereunder, under the Franchise Agreement and any other agreement entered into between the Guarantor and FRANCHISOR shall be cumulative and nonexclusive and shall be in addition to all rights, remedies and powers available to FRANCHISOR hereunder, by law or otherwise.

7. No action or proceeding brought or instituted under this Guaranty against the undersigned, and no recovery had in pursuance thereof shall be any bar or defense to any further action or proceeding which may be brought under this Guaranty by reason of any further default or defaults of FRANCHISEE.

8. The liability of the Guarantor shall not be deemed to be waived, released, discharged, impaired or affected by reason of the release or discharge of the FRANCHISEE in any creditors, receivership, bankruptcy (including Chapter VII or Chapter XI bankruptcy proceedings or other reorganization proceedings under the Bankruptcy Act) or other proceedings, or the rejection or disaffirmance of the Franchise Agreement in any such proceedings.

9. There shall be no modification of the provisions of this Guaranty unless same be in writing and signed by the undersigned and the FRANCHISOR. The terms utilized in this Guaranty shall have the same meaning as defined in the Franchise Agreement, except as otherwise expressly provided.

10. All of the terms, agreements and conditions of this Guaranty shall be joint and several, and shall extend to and be binding upon the Guarantor, their heirs, executors, administrators, and assigns. This Guaranty shall not

be construed more strictly for or against one party than the other, merely because it may have been prepared by counsel for one of the parties, it being recognized that Guarantor has reviewed and approved the terms hereof.

11. In the event any provision hereof is determined to be invalid or unenforceable, the remaining provisions shall and do remain in full force and effect.

12. The Guarantor agrees that in any action or proceeding brought on, under or by virtue of this Guaranty, the undersigned shall and does waive all present and future Florida homestead exemption rights and trial by jury, and the undersigned agrees that the applicable courts of Florida will have jurisdiction over the undersigned upon appropriate service upon the undersigned in any state of the United States in a manner in accordance with the laws of Florida. Venue in any suit brought under this Guaranty shall be in Miami-Dade County, Florida only. If FRANCHISOR is required to enforce Guarantors' obligations by legal proceedings, the prevailing party shall be entitled to receive from the other all costs incurred, including, without limitation, reasonable attorneys' fees, at all trial and appellate levels.

13. Notwithstanding anything herein to the contrary, Guarantor's liability hereunder for monetary defaults under the Franchise Agreement shall be valid for the entire initial term of the Franchise Agreement, throughout said term and any renewal period, exclusive of attorneys' fees and costs as provided herein and in the Franchise Agreement; Guarantor's liability for non-monetary defaults shall be unlimited.

IN WITNESS WHEREOF, the Guarantor(s) have set his/her/their signatures on the _______ day of _____________, 20__.

WITNESS:	GUARANTOR 1:
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
DL#: __________________________	DL#: __________________________
SS#: __________________________	SS#: __________________________
WITNESS:	GUARANTOR 2:
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
DL#: __________________________	DL#: __________________________
SS#: __________________________	SS#: __________________________

WITNESS: GUARANTOR 3:

By: ___________________________ By: ___________________________

Name: _________________________ Name: _________________________

DL#: __________________________ DL#: __________________________

SS#: __________________________ SS#: __________________________

EXHIBIT "D"

SECURITY AGREEMENT

ESTRELLA FRANCHISING, LLC, a Florida limited liability company ("Secured Party"), and ____________________________ ("Debtor"), agree as follows as of _______________, 20___:

1. **Background**.

Secured party, as FRANCHISOR, and Debtor, as FRANCHISEE, are parties to a franchise agreement of even date (the "Franchise Agreement") pursuant to which, among other things, Debtor is obligated to pay, from time to time, certain sums to Secured Party. In order to induce Secured Party to enter into the Franchise Agreement, Debtor, among other things, is entering into this Security Agreement pursuant to which Debtor's payment and performance of all obligations under the Franchise Agreement are secured on the terms and conditions hereinafter provided for. Capitalized terms which are defined in the Franchise Agreement shall have the same meaning herein as therein.

2. **Security Interest**.

2.1 **Grant of Security Interest**. To secure the payment and performance by Debtor of all obligations and liabilities under the Franchise Agreement and under any other document or instrument executed in connection with the Franchise Agreement (such payment and performance of such obligations and liabilities being hereinafter collectively referred to as the "Obligations"), Debtor hereby grants to Secured Party, and Secured Party hereby takes, a first priority security interest (the "Security Interest") in all of Debtor's assets, including, without limitation, all present and after acquired inventory and equipment (wherever located), accounts, deposit accounts, chattel paper, instruments, contract rights (including Debtor's rights under this Agreement) and general intangibles, including payment intangibles, and all proceeds and products thereof including insurance proceeds (the "collateral").

2.2 **Authorization to File Financing Statements**. Debtor hereby authorizes Secured Party to file such documents and instruments (including financing statements) as Secured Party periodically deems necessary or appropriate to obtain and perfect the Security Interest.

3. **Default**.

3.1 **Definitions.** The term "Event of Default", as used, herein, shall mean the occurrence and continuation of any one or more of the following events:

(a) any failure of Debtor promptly and faithfully to pay, observe and perform, when due, any of the Obligations; or

(b) if Debtor becomes insolvent, commits an act of bankruptcy, files a voluntary petition in bankruptcy, or an involuntary petition in bankruptcy is filed, or a permanent or temporary receiver or trustee for the Debtor's insurance agency ("Agency"), or all or substantially all of the Debtor's property, is appointed by any court and such appointment is not actively opposed through legal action, or Debtor makes an assignment or arrangement for the benefit of creditors, or

calls a meeting of creditors, or Debtor makes a written statement to the effect that he or it is unable to pay his or its debts as they become due, or a levy of execution is made upon Debtor, or an attachment or lien remains outstanding with respect to the Agency for thirty (30) days, unless the attachment or lien is being duly contested in good faith by Debtor, and Secured Party is so advised in writing;

(c) if Debtor loses possession or the right of possession of all or a significant part of the Agency through condemnation or casualty and the Agency is not relocated or reopened as required by the Franchise Agreement;

(d) if Debtor is a corporation, partnership, joint venture or other legal entity, any action is taken which purports to merge, consolidate, dissolve or liquidate Debtor without the prior written consent of Secured Party.

3.2 **Remedies.** Upon the occurrence of an Event of Default, all amounts payable to Secured Party shall become immediately due and payable and Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the state or states in which the Collateral may be located, including the right to enter upon the Agency peaceably and remove all Collateral. Secured Party shall give Debtor reasonable notice of the time and place of any public or private sale or other intended disposition of all or any particular Collateral, as the case may be. Debtor agrees that the requirement of reasonable notice shall be met if notice is mailed to Debtor at its address first above written not less than five (5) business days prior to the sale or other disposition. Expenses of retaking, holding, preparing for sale, selling or the like, shall include, without limitation, Secured Party's reasonable attorneys' fees and other legal expenses. Secured Party's rights and remedies, whether pursuant hereto or pursuant to the Florida Uniform Commercial Code or any other statute or rule of law conferring rights similar to those conferred by the Florida Uniform Commercial Code, shall be cumulative and not alternative.

4. **Notices**.

Any notice, request or other communication to either party by the other as provided for herein shall be given in writing and shall be deemed given on the date the same is (i) actually received or (ii) mailed by certified or registered mail, return receipt requested, postage prepaid and addressed to the addresses first set forth at the head of this Agreement. The person and the place to which notices or copies of notices are to be mailed to either party may be changed from time to time by such party by written notice to the other party.

5. **Applicable Law**.

This Agreement shall be governed by and interpreted under the laws of the State of Florida, without regard to the principles of conflict of laws thereof.

6. **Termination of Security Interest**.

Upon satisfaction of all the Debtor's obligations under the Franchise Agreement (including, without limitation, all obligations which expressly or by their nature survive the expiration or sooner termination of the Franchise Agreement), Secured Party shall file such notices and other documents that Secured Party determines are necessary to terminate the Security Interest.

7. **Representations and Warranties**.

Debtor hereby represents and warrants that:

7.1. If Debtor is an entity created by a filing: Debtor is a __________________ duly organized in ____________________________________.

7.2. If Debtor is an entity not created by a filing with a state: Debtor is a [general partnership, ______________] the formation of which did not require a filing with the state, and Debtor's chief executive office is located in the State of _______________________.

7.3. If Debtor is an individual: Debtor is a resident of the State of ________________________.

7.4. If Debtor is a non-US entity: Debtor is formed under the laws of the Country of _________________________.

7.5. No part of the Collateral is subject to any other lien, security interest or other encumbrance.

Debtor agrees to notify Secured Party immediately of any change in Debtor's state of incorporation or organization or the state in which Debtor's principal residence is located, as applicable.

8. **Miscellaneous**.

8.1 This Security Agreement shall inure to the benefit of, and shall be binding upon the respective successors, assigns and legal representatives of the parties hereto.

8.2 The captions used herein are inserted for reference purposes only and shall not affect the interpretation or meaning of this Security Agreement.

8.3 Debtor hereby authorizes Secured Party, from time to time, to file financing statements in such form as may be necessary to perfect the security interest in the Collateral in any or all pertinent jurisdictions and in this regard, to execute said financing statements for itself (as secured party) and for Debtor (as debtor), as Debtor's agent. Upon Secured Party's request, Debtor shall execute any such financing statement as debtor, although Secured Party may file same without Debtor's signature.

SECURED PARTY:

ESTRELLA FRANCHISING, LLC

By: ____

DEBTOR:

By: ____
Title (if any):
Name:

Location of Collateral:

____
____
____

EXHIBIT "E"

CONFIDENTIALITY, NON-DISCLOSURE AND NON COMPETITION AGREEMENT

Agreement, dated _______________, 20___, by and between _____________________ _____________________ ("FRANCHISEE") and ____________________________ a(n) [agent, employee or independent contractor of] FRANCHISEE.

FRANCHISEE and ESTRELLA FRANCHISING, LLC, a Florida limited liability company ("FRANCHISOR"), have entered into that certain Franchise Agreement dated ___________, 20___, (the "Franchise Agreement") with regard to the operation of an ***ESTRELLA*** Insurance Agency, under the ESTRELLA INSURANCE System. The individual identified above has a financial interest in the FRANCHISEE, as an owner or employee (or as the spouse of an owner or employee) of FRANCHISEE and will benefit from proprietary information that the FRANCHISOR has shared or will share with the FRANCHISEE, which the FRANCHISEE may share with such individual. The individual identified above will also benefit from special training that such individual (or his or her spouse) will receive in connection with the franchised business operated under the Franchise Agreement. Such individual therefore agrees with FRANCHISEE as follows:

SECTION 1. DEFINITION OF CONFIDENTIAL INFORMATION

As used in this Agreement, the term "Confidential Information" means: 1) proprietary information of the ESTRELLA INSURANCE System; 2) information marked or designated by FRANCHISOR as confidential; 3) information, whether or not in written form and whether or not designated as confidential, which is known to me as being treated by FRANCHISOR as confidential; and 4) information provided to FRANCHISEE by FRANCHISOR which FRANCHISEE is obligated to keep confidential. Confidential Information includes, but is not limited to: ideas; designs; specifications; techniques; data; programs; documentation; processes; know how; customer lists; marketing plans; and financial and technical information.

SECTION 2. OWNERSHIP

I acknowledge that all Confidential Information is and shall continue to be the exclusive property of FRANCHISOR, whether or not disclosed or entrusted to me in connection with my services for FRANCHISEE.

SECTION 3. ACKNOWLEDGMENT OF RECEIPT OF CONFIDENTIAL INFORMATION

I acknowledge that in the course of performing my duties for FRANCHISEE, I will have access to Confidential Information, and I agree, in addition to the specific covenants contained in this Agreement, to comply with all policies and procedures for the protection of Confidential Information.

SECTION 4. ACKNOWLEDGMENT OF IRREPARABLE HARM

I acknowledge that any unauthorized disclosure of Confidential Information will cause irreparable harm to FRANCHISOR.

SECTION 5. COVENANT OF NON-DISCLOSURE

I agree not to disclose Confidential Information directly or indirectly, under any circumstances or by any means, to any third person, without the express written consent of FRANCHISEE or FRANCHISOR.

SECTION 6. COVENANT OF NON USE

I agree that I will not copy, transmit, reproduce, summarize, quote, or make any commercial or other use whatsoever of Confidential Information, except as may be necessary to perform my duties for FRANCHISEE.

SECTION 7. SAFEGUARDING OF CONFIDENTIAL INFORMATION

I agree to exercise the highest degree of care in safeguarding Confidential Information against loss, theft, or other inadvertent disclosure, and agree generally to take all steps necessary to ensure the maintenance of the confidentiality.

SECTION 8. EXCLUSIONS

This Agreement shall not apply to any information now or hereafter voluntarily disseminated by FRANCHISOR to the public, or which otherwise becomes part of the public domain through lawful means.

SECTION 9. RETURN OF CONFIDENTIAL INFORMATION

Upon termination of my relationship with FRANCHISEE, I will deliver promptly to FRANCHISEE as requested, all Confidential Information, in whatever form that same may be in my possession or under my control.

SECTION 10. DURATION

The obligations set forth above in this Agreement, will continue beyond the term of my service to FRANCHISEE and for so long as I possess, in any manner or form, Confidential Information.

SECTION 11. NON COMPETITION

I agree that during the time I am an agent, employee or independent contractor of FRANCHISEE and for a period of two (2) years thereafter, I shall not, either directly or indirectly, engage in any business which competes directly or indirectly with the ESTRELLA INSURANCE System, either as a proprietor, partner, investor, officer, director, manager, shareholder, member, employee, agent, lender, broker, franchisee, consultant, or otherwise within the Territory as defined in the Franchise Agreement, or within fifty (50) miles of any other territory or business, franchised by FRANCHISOR or owned or operated by FRANCHISOR, a related entity, or otherwise established.

It is the intention of this provision to preclude not only direct competition, but also all forms of indirect competition, for competitive businesses, service as an independent contractor for such competitive business, or any assistance or transmission of information of any kind or nature whatsoever which would be of any material assistance to a competitor.

For purposes of the foregoing:

(i)"Competitive Business": means any business operating or awarding franchises or licenses to others to operate, or the operation of any insurance agency business, or any other business that provides the same or similar services customarily offered under the ESTRELLA INSURANCE System.

(ii)"Directly or indirectly": includes, but is not limited to, all persons (natural or otherwise) under my control, and that person's spouse, children, parents, brothers, sisters, any other relative, friends, trustees, agents or associates.

Notwithstanding anything to the contrary in this Agreement, or any other agreement between me and FRANCHISEE, nothing herein or in any other agreement shall prevent, or in any manner, directly or indirectly, restrict, me, or create any liability for me or FRANCHISOR (or any of its owners, officers, directors, managers, employees or other representatives), from me (a) owning for investment purposes, up to an aggregate of two (2%) percent of the capital stock of any such competitive business, provided that such business is a publicly held corporation, whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), provided that I do not control any such company, or (b) becoming either employed in any capacity by FRANCHISOR or any of its Affiliates, or an owner of a franchise from FRANCHISOR, or managing, operating or otherwise assisting any such franchised business. FRANCHISOR is an intended third-party beneficiary of this paragraph with the right to enforce in its own name.

SECTION 12. NO DEFENSE

The existence of any claim or cause of action I may have against the FRANCHISOR or FRANCHISEE predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the FRANCHISOR or FRANCHISEE of this Agreement. Any failure to object to any conduct I may take in violation of this Agreement shall not be deemed a waiver. FRANCHISOR or FRANCHISEE may, specifically waive any part or all of this Agreement to the extent that such waiver is set forth in writing.

SECTION 13. INVALIDITY

If all or any portion of the foregoing covenant not to compete set forth in Section 11, is held unreasonable, void, vague, or illegal by any court or agency having valid jurisdiction in any unappealed final decision to which FRANCHISEE or FRANCHISOR is a party, the court or agency shall be empowered to revise or construe said covenant so as to cause same to fall within permissible legal limits and shall not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement, as if the resulting covenant were separately stated in and made a part hereof.

SECTION 14. NO HARDSHIP

I acknowledge and confirm that the length of the term and geographical restrictions contained in Section 11 are fair and reasonable and not the result of overreaching, duress or coercion of any kind. I further acknowledge and confirm my full, uninhibited and faithful observance of each of the covenants contained in this Agreement will not cause any undue hardship, financial or otherwise, and that the enforcement of each of the covenants contained in this Agreement will not impair my ability to obtain employment or otherwise to obtain income required for my comfortable support and that of my family, and the satisfaction of the needs of my creditors. I acknowledge and confirm that my special knowledge of the business under the ESTRELLA INSURANCE System is such as would cause the FRANCHISOR and FRANCHISEE serious injury and loss if I (or anyone acquiring such knowledge through me) were to use such ability and knowledge to the benefit of a competitor or were to compete with the FRANCHISOR and FRANCHISEE.

SECTION 15. TOLLING

In the event of any legal action or other proceeding for the enforcement of this Agreement, the time for calculating the term of the restrictions therein shall not include the period of time commencing with the filing of legal action or other proceeding to enforce the terms of this Agreement hereof through the date of final judgment or final resolution, including all appeals, if any, of such legal action or other proceeding.

SECTION 16. BENEFIT

I agree and acknowledge that FRANCHISOR shall be a third party beneficiary of my obligations hereunder and FRANCHISOR shall be entitled to all rights and remedies conferred upon the FRANCHISEE hereunder, which FRANCHISOR may enforce directly against me with or without the consent or joinder of FRANCHISEE.

SECTION 17. BINDING EFFECT

All of the terms of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by me, FRANCHISEE and FRANCHISOR and their respective legal representatives, heirs, successors and assigns.

SECTION 18. GOVERNING LAW, JURISDICTION AND VENUE

This Agreement shall be governed by the laws of the State of Florida without regard to principles of conflicts of laws. Without limiting the jurisdiction or venue of any other federal or state courts, I irrevocably and unconditionally: (a) agree that any legal proceeding relating to this Agreement may be brought in the state courts in Miami-Dade County or the District Court of the United States, Southern District of Florida; (b) consent to the jurisdiction of each such court; (c) waive any objection to the laying of venue of any proceeding in any of such courts; and (d) agree that service of any court paper may be effected on me by mail, or in such other manner as may be provided under applicable laws in Florida.

SECTION 19. REMEDIES

If I fail to abide by this Agreement, FRANCHISOR or FRANCHISEE will be entitled to specific performance, including immediate issuance of a temporary restraining order or preliminary injunction enforcing this Agreement, to judgment for damages caused by my breach, to any other remedies provided by applicable law and to payment of all of its costs and expenses in pursuing such remedies, including its attorneys' fees, at all trial and appellate levels.

I represent that I have read and understand the terms of this Agreement and agree to be bound hereby.

Dated this ___ day of _______________, 20___.

____
Name:

APPENDIX 1
FORM OF PROMISSORY NOTE
PROMISSORY NOTE

$________________________ ____________________, 20_____
(Insert principal amount)

This **PROMISSORY NOTE** (this "Note") is made as of the date stated above by ____________________, a _________________ (the "Maker") in favor of the Holder described below.

The Maker hereby acknowledges that this Note evidences the Maker's obligations in connection with the financing (the "Financing") provided by the initial Holder of this Note to pay all or a portion of the Initial Fee under and as defined in the Estrella Insurance Franchise Agreement, dated as of _______________, 20___ (the "Agreement") between the Maker and Estrella Franchising, LLC (the "FRANCHISOR"), in the original principal amount as set forth above.

1. **Promise to Pay**

For value received, the Maker hereby promises to pay to the order of FRANCHISOR (together with its successors, including but not limited to, any other holder of this Note, the "Holder") the principal sum of _____________________ Dollars ($_________________), together with interest, in the manner provided herein. If Maker is a corporation or limited liability company, all of Maker's owners and their spouses and if Maker is an individual, Maker's spouse, shall sign the Guaranty, attached to this Note.

2. **Accrual and Computation of Interest**

The principal balance of this Note outstanding from time to time (the "Principal Balance") will bear interest, computed on the basis of actual days elapsed in a year of 365 or 366 days, as applicable, at a fixed rate of ___ percent (___%) per annum.

Notwithstanding any other provision of this Note, at no time will the Maker be required to pay interest on any obligation hereunder at a rate that could subject the Holder or any other person to civil or criminal liability as a result of being in excess of the maximum interest rate with respect to the Maker permitted by applicable law. If, under the terms of this Note, the Maker would at any time otherwise be required to pay interest at a rate in excess of that maximum rate, the applicable rate will be deemed immediately reduced to that maximum rate and all previous payments in excess of the maximum rate will be deemed to have been payments on account of principal and not interest.

3. **Times and Amounts of Principal and Interest Payments; Maturity**

Beginning on __________ 20___ then on the 1st day of each calendar month thereafter, and continuing through and including _________ 20___, the Maker will pay interest and principal in equal installments of $____________.

On ___________, 20___ (the "Maturity Date"), a final installment of principal, together with any and all outstanding principal, interest and all other amounts payable under this Note, will be due and payable; provided, however, that if any amount payable under this Note remains outstanding after the Maturity Date, such amount shall bear interest at the applicable rate provided for herein.

All payments under this Note will be made to the Holder at its office at 1801 SW 3rd Avenue, Miami, Florida 33129, or at such other place as the Holder may hereafter from time to time designate in writing, in lawful money of the United States of America, without deduction, set-off or counterclaim, each of which the Maker hereby waives. The amounts as to the Principal Balance, accrued and unpaid interest, payments and any other similar matters related to the obligations of the Maker or the amounts thereof shall be conclusively presumed to be those set forth in the Holder's records from time to time.

4. **Voluntary Prepayments; Application of Payments**

The Maker may pay all or a portion of the Principal Balance earlier than due, without premium or penalty, but early payments will not (unless otherwise agreed to by the Holder in writing) postpone the due date, or reduce the amount, of any installment or other payment due under this Note.

All payments under this Note (including any prepayments) will be first applied to any costs due hereunder, and then to accrued but unpaid interest, and the remainder, if any, will be applied to the Principal Balance.

5. **Events of Default**

Any one of the following events or circumstances will constitute an "Event of Default" under this Note:

(a) the Maker (i) fails to pay any amount under this Note, whether on account of principal, interest or otherwise, within ten (10) days after the day on which that amount is due, or (ii) breaches or is in default under any term of this Note that consists of any obligation other than a payment obligation covered in the foregoing clause (i) and that breach or default is not remedied for twenty (20) days after the Maker receives notice of that breach or default;

(b) the Maker breaches or is in default under the terms of the Agreement or any loan agreement, promissory note, lease, conditional sale contract or other agreement, document or instrument other than this Note, and, as a result, any person (except the Maker), with or without notice or lapse of time, is entitled to or does terminate the Agreement or such other loan agreement, promissory note, lease, conditional sale contract or other agreement, document or instrument or is entitled to or does accelerate the Maker's obligations or exercise any other remedies thereunder;

(c) the Maker or any guarantor of this Note (each, a "Guarantor") dies, ceases to exist, loses legal capacity or attempts to disclaim or revoke any obligations under this Note or any guaranty of this Note; or any such obligations become unenforceable in whole or in part for any reason; or

(d) any bankruptcy, insolvency, receivership or similar proceeding, or an assignment for the benefit of creditors, is commenced under any federal or state law by or against the Maker or any Guarantor; or the Maker or any Guarantor becomes the subject of any out-of-court settlement with creditors; or the Maker or any Guarantor is unable or admits in writing its or his or her inability to pay its or his or her debts as they mature.

6. **Acceleration and Set-Off; Default Rate of Interest**

If any Event of Default has occurred and is continuing, the Holder may, at its option, by notice in writing to the Maker, declare this Note to be immediately due and payable, whereupon the Principal Balance and all interest thereon will be immediately due and payable without further notice or demand. Notwithstanding the foregoing, if an "Event of Default" under Section 5(d) above occurs, the Principal Balance and all interest accrued thereon will automatically become due and payable without notice or demand. In addition to any other rights and remedies and any other security given for the payment or performance of the Maker's obligations under this Note, the Maker grants to the Holder the right, if any Event of Default has occurred and is continuing, to set off any amounts or obligations owed by the Holder to the Maker, and any other cash or other property of the Maker held by the Holder, against the Maker's obligations under this Note.

Notwithstanding any other provision of this Note, from and after written notice from the Holder to the Maker following the occurrence of an Event of Default and continuing until any and all Events of Default have been waived or cured to the Holder's satisfaction, the Principal Balance will bear interest at an annual rate (the "Default Rate") equal to ten percent (10%) per annum. In addition, any and all obligations under this Note that the Maker does not pay when due (after any applicable grace period has expired) will bear interest at the

Default Rate if the Holder so notifies the Maker in writing. Any interest that accrues under this paragraph will be due on demand.

The rights and remedies provided in this Note are cumulative and are not exclusive of any other rights or remedies provided by law or agreement.

7. **Certain Waivers**

The Maker and any and all other makers and Guarantors, endorsers, sureties, and accommodation parties expressly waive presentment or other demand for payment, dishonor, notice of nonpayment, protest, notice of protest or dishonor, bringing of suit against any person, and diligence in the taking of any action to collect, and consent to any and all extensions, renewals, substitutions and alterations of any of the terms of this Note and any other documents related hereto and to the release of or failure by the Holder to exercise any rights against any person liable for or any property securing payment of this Note.

8. **Collection Costs**

The Maker will all pay all reasonable costs of collection, including reasonable attorneys' fees and legal expenses, if this Note or any amount due hereunder is not paid when due, whether or not any legal proceeding is commenced.

9. **Notices**

Any notice to the Maker or FRANCHISOR under or in connection with this Note may be given in the manner specified in the Agreement for giving notices to the Maker.

10. **Severability**

In the event that any term or provision in this Note is held to be invalid, void, illegal or unenforceable in any respect, this Note will not fail, but will be deemed amended to delete the void or unenforceable term or provision and the remainder of this Note will be enforced in accordance with its terms and will not in any way be affected or impaired thereby.

11. **No Waiver**

Any failure by the Holder to enforce any rights under this Note will not be construed as a waiver of such rights. Any waiver, including waiver of default, in any one instance will not constitute a continuing waiver or a waiver in any other instance. Any acceptance of money or other performance by the Holder from the Maker will not constitute a waiver of any default except as to the payment or performance of the particular payment or performance so received.

12. **Governing Law**

This Note will be governed by and construed in accordance with the internal law of the State of Florida, without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

13. **Jurisdiction**

THE MAKER HEREBY CONSENTS AND IRREVOCABLY SUBMITS TO THE JURISDICTION AND VENUE OF ANY COURT OF COMPETENT JURISDICTION FOR MIAMI-DADE COUNTY, FLORIDA, AND WAIVES ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS NOTE OR THE FINANCING. THIS EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE HOLDER, OR THE ENFORCEMENT BY THE HOLDER OF ANY

JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE HOLDER TO CONFIRM OR ENFORCE ANY AWARD IN ANY APPROPRIATE JURISDICTION.

14. **Waiver of Jury Trial**

THE MAKER HEREBY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER AT LAW OR IN EQUITY) THAT ARISES OUT OF OR IN CONNECTION WITH THIS NOTE OR THE FINANCING.

15. **Security**

This Note is secured by a Security Agreement of even date herewith by Maker in favor of Holder.

IN WITNESS WHEREOF, the Maker has executed this Note as of the day and year first above written.

By: ______________________________

Name: ___________________________

Title: _____________________________

GUARANTY

This GUARANTY (this “Guaranty”) is made as of _______ ___, 20__ by each of the undersigned (each, a “Guarantor”) in favor of Estrella Franchising, LLC (together with its successors including but not limited to any other holder of the Note described below, the “Holder”). This Guaranty is made by each Guarantor in consideration of and as an inducement to the provision to _______________ (the “Maker”) of the Financing referred to in the Promissory Note (as amended, extended, restated or otherwise modified from time to time, the “Note”) made on _______ ___, 20__ by the Maker in favor of the Holder.

1. **Unconditional Personal Guaranty of Obligations Under the Note**

Each Guarantor personally and unconditionally: (a) guaranties to the Holder that the Maker will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Note; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Note.

2. **Certain Waivers**

Each Guarantor waives: (a) acceptance and notice of acceptance by the Holder of such Guarantor’s obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed under this Guaranty; (c) protest and notice of default to any person with respect to the indebtedness or nonperformance of any obligations guaranteed under this Guaranty; (d) any right such Guarantor may have to require that an action be brought against the Maker or any other person as a condition of such Guarantor’s liability; (e) all rights to payments and claims for reimbursement or subrogation which such Guarantor may have against the Maker arising as a result of such Guarantor’s execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which such Guarantor may be entitled in his, her or its capacity as a guarantor. Without limiting the generality of the foregoing, each Guarantor waives each defense referred to in Section 7 of the Note and agrees that each payment under this Guaranty will be made in lawful money of the United States of America, without deduction, set-off or counterclaim, each of which is hereby waived by each Guarantor.

3. **Certain Consents and Agreements**

Each Guarantor consents and agrees that: (a) such Guarantor’s direct and immediate liability under this Guaranty is joint and several; (b) such Guarantor must render any payment or performance required under the Note upon demand if the Maker fails or refuses punctually to do so; (c) such Guarantor’s liability will not be contingent or conditioned upon the Holder’s pursuit of any remedies against the Maker or any other person; (d) such Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Holder may from time to time grant to the Maker or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, and no such indulgence will in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Note and will continue after termination or payment of the Note as related to any obligations under the Note that may arise after such termination or payment.

4. **Holder’s Right of Set-Off**

In addition to any other rights and remedies and any other security given for the payment or performance of the Maker’s obligations under the Note, each Guarantor grants to the Holder the right to set off any amounts or obligations owed by the Holder to such Guarantor, and any other cash or other property of such Guarantor held by the Holder, against such Guarantor’s obligations under this Guaranty.

5. **Collection Costs**

Each Guarantor agrees to pay all reasonable costs of collection, including reasonable attorneys' fees and legal expenses, if any amount due from any Guarantor under this Guaranty is not paid when due, whether or not any legal proceeding is commenced.

6. **Notices to Guarantors**

Any notice to any Guarantor under or in connection with this Guaranty may be to such Guarantor, care of the Maker, in the manner specified in the Note for giving notices to the Maker.

7. **Severability**

In the event that any term or provision in this Guaranty is held to be invalid, void, illegal or unenforceable in any respect, this Guaranty will not fail, but will be deemed amended to delete the void or unenforceable term or provision and the remainder of this Guaranty will be enforced in accordance with its terms and will not in any way be affected or impaired thereby.

8. **Rights Cumulative; No Waiver**

The rights and remedies provided in this Guaranty are cumulative and are not exclusive of any other rights or remedies provided by law or agreement. Any failure by the Holder to enforce any rights under this Guaranty will not be construed as a waiver of such rights. Any waiver, including waiver of default, in any one instance will not constitute a continuing waiver or a waiver in any other instance. Any acceptance of money or other performance by the Holder from the Maker or any Guarantor will not constitute a waiver of any obligation under this Guaranty except as to the payment or performance of the particular payment or performance so received.

9. **Governing Law**

This Guaranty will be governed by and construed in accordance with the internal law of the State of Florida, without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

10. **Jurisdiction**

EACH GUARANTOR HEREBY CONSENTS AND IRREVOCABLY SUBMITS TO THE JURISDICTION AND VENUE OF ANY COURT OF COMPETENT JURISDICTION FOR MIAMI-DADE COUNTY, FLORIDA, AND WAIVES ANY OBJECTION TO THE

JURISDICTION AND VENUE OF SUCH COURTS, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTY OR THE FINANCING (AS DEFINED IN THE NOTE). THIS EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE HOLDER, OR THE ENFORCEMENT BY THE HOLDER OF ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE HOLDER TO CONFIRM OR ENFORCE ANY AWARD IN ANY APPROPRIATE JURISDICTION.

11. **Waiver of Jury Trial**

EACH GUARANTOR HEREBY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER AT LAW OR IN EQUITY) THAT ARISES OUT OF OR IN CONNECTION WITH THIS GUARANTY OR THE FINANCING (AS DEFINED IN THE NOTE).

IN WITNESS WHEREOF, each of the undersigned Guarantors has executed this Guaranty as of the day and year first above written.

By: ________________________________

Name: ______________________________

By: ______________________________

Name: ___________________________

By: ______________________________

Name: ___________________________

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, LLC, a Florida limited liability company ("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.

(c) Notwithstanding the foregoing, Franchisor and its Affiliates retain the right: (a) to continue to own and operate, and allow others to continue to own and operate, Competitive Businesses (hereinafter defined) operating under the Trademark and System existing inside of the Granted Territory as of the date of this Agreement; (b) to establish, or grant to others the right to establish, Competitive Businesses outside of the Granted Territory; (c) to establish and operate, and license others to establish and operate, Competitive Businesses under other systems using other proprietary marks, both within and outside the Territory; (d) to purchase or otherwise acquire the assets or controlling ownership of one or more Competitive Businesses (and/or acquire other franchisors or licensors of Competitive Businesses), some or all of which may be located anywhere, including within the Granted Territory. If Franchisor purchases or acquires other franchisors or licensors of Competitive Businesses, Franchisor may, in its sole discretion, act as franchisor or licensor with respect to such other franchised or licensed systems wherever located. If Franchisor purchases or acquires one or more Competitive Businesses within the Granted Territory which are not franchised or licensed, Franchisor may, in its sole discretion: (i) offer to sell any such Competitive Businesses to Representative or to any third party at the business's fair market value to be operated under the Trademark and System; or (ii) offer Franchisee the opportunity to operate such Competitive Business(es) in partnership with Franchisor (or an Affiliate) under the existing businesses existing trade name or a different trade name (e) to be acquired (regardless of the form of transaction) by any Competitor, even if the competitor operates, Competitive Businesses and/or franchises or licenses Competitive Businesses within the Granted Territory; and (f) to engage in any activities not expressly forbidden by this Agreement.

(d) Furthermore, nothing in this or any other agreement with Representative limits in any way the services or products Franchisor or any of its Affiliates may sell or provide to anyone, anywhere, through any distribution system, outlets or methods (outright, through contract, joint ventures, Affiliates, franchising or otherwise), limits any business(es) Franchisor may participate in or limits Franchisor's use of the ESTRELLA or *800-CARINSURANCE* names, the Trademarks or System in any insurance related or other business.

(e) For purposes of this Agreement, the term "Competitive Business" means any insurance agency business, or any other business that provides the same or similar services customarily offered under the System.

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, LLC

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, LLC	________________________________
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, LLC ____________________________

By: __________________________ ____________________________

Title: _________________________ Title:________________________

EXHIBIT "3"
TO THE ESTRELLA INSURANCE
AREA REPRESENTATIVE AGREEMENT

DEVELOPMENT SCHEDULE

ESTRELLA AGENCY Number	To be opened on or before

"Franchisor"	"Representative"
ESTRELLA FRANCHISING, LLC	
	______________________________
By: ___________________________	______________________________
Title: _________________________	
	______________________________
	______________________________

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, LLC, 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, LLC ("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:___%

Agencies Open and Operating as of December 31, 2024
ALPHABETICALLY BY STATE, CITY AND AGENCY
Exhibit "D"

ARIZONA
Barajas, Inc.
777 N Arizona Ave. Suite #12
Chandler, AZ. 85225
480-454-7275

Barajas, Inc.
20 S Power Rd. Suite 104
Mesa, AZ. 85206
480-421-5777

Damasvac, LLC.
2051 S Dobson Rd. Suite 9
Mesa, AZ. 85202
480-376-8866

All Family Insurance Service, LLC.
935 E Indian School Rd.
Phoenix, AZ. 85014
602-833-3267

Damasvac, LLC.
6416 S Central Ave.
Phoenix, AZ. 85042
623-223-9277

Doherty Insurance Services, Inc.
5138 E Thomas Rd.
Phoenix, AZ. 85018
602-753-5520

Aispuro Perez Financial Services Inc.
2701 W Northern Ave. Suite #102
Phoenix, AZ. 85051
602-347-6595

Victoria's Insurance, Inc.
2861 N 62 Ave.
Phoenix, AZ. 85035
602-737-1224

J&E Insurance Corp.
2425 S 6th Ave.
South Tucson, AZ. 85713
520-231-4300

5 Star Insurance Services Corp.
698 W Irvington Rd #7
Tucson, AZ. 85714
520-903-6932

RKR Insurance Services Corp.
5919 E 22 St.
Tucson, AZ. 85711
520-903-6924

CALIFORNIA

MVH Arceo Corp.
3809 W. 3rd Street
Los Angeles, CA. 90010
323-489-8122

Veliamo Insurance Services, Inc.
727 E Market St.
Salinas, CA. 93905
831-800-1700

COLORADO

DLT Insurance Services Inc.
817 Santa Fe Dr.
Denver, CO. 80204
720-240-4472

GRN Holding Group Inc.
2150 E 88th St.
720-531-5496

Insurance Near Me Co.
2930 W 38 Ave.
Denver, CO. 80211
720-398-3587

Insurance Near Me Co.
1000 S. Wadsworth Blvd., Unit I
Lakewood, CO. 80226
720-613-2020

FLORIDA

Times Two Incorporated
1002 W. SR 436, Suite #1016
Altamonte Springs, FL. 34203
941-896-9218

Clever Choice Insurance, LLC.
20283 State Rd 7, Suite #337
Boca Raton, FL. 33498
561-491-6459

JMS LOC 2,
23038 Sandalfoot Plaza Dr.
Boca Raton, FL. 33428
561-410-7700

G&A Insurance Inc.
4729 N Congress Ave.
Boynton Beach, FL. 33426
561-600-4949

Eleven Insurance Inc.
1660 S Congress Ave, Suite# 1
Boynton Beach, FL. 33426
954-487-1688

SR & AR Corp.
3104 53rd Ave. E.
Bradenton, FL. 34203
954-896-9218

Martinez Group Holdings, LLC.
2108 E Osceola Parkway
Buena Ventura Lake, FL. 34743
407-978-6103

Rivero-Mendoza, Inc.
1325 Del Prado Blvd. Unit #6
Cape Coral, FL. 33990
239-946-4026

Olympus Guardian Solutions Corp.
194 N. Hwy, Suite E
Clermont, FL. 34711
352-717-5515

Deluxe Star Insurance LLC.
4963 Coconut Creek Pkwy
Coconut Creek, FL. 33063
954-487-1616

Fradyn Insurance Inc.
3701 SW 8th St.
Coral Gables, FL. 33134
305-262-7800

US-CAN Insurance, LLC.
8081 W Sample Rd., Unit #6
Coral Springs, FL. 33065
754-287-6889

Jing Star Insurance, LLC.
11310 Wiles Rd.
Coral Springs, FL. 33076
954-837-8888

Yassi Michele Insurance, Inc.
20214 Old Cutler Rd.
Cutler Bay, FL. 33189
305-232-7690

G&J Insurance, Inc.
6911 Sterling Rd.
Davie, FL. 333314
954-368-1341

New Trust Insurance Agency Corp.
4651 S University Dr.
Davie, FL. 33328
954-744-1875

954-379-8500

Smart Insurance LLC.
8846 W State Rd 84
Davie, FL. 33324
954-487-1615

Angel Amore, LLC.
856 N Nova Rd.
Daytona Beach, FL. 32117
386-342-6451

Gold Insurance, Inc.
1690 S. Congress Ave., Suite #100
Delray Beach, FL. 33445
754-318-7220

Financial Xperts Group, LLC.
4985 SW 148 St.
Deerfield Beach, FL. 33441
954-861-3690

Grand Floridian Insurance, Inc.
718 SW 10th St.
Deerfield Beach, FL. 33441
954-999-9991

JMS LOC1, Inc.
1664 W Hillsboro Blvd.
Deerfield Beach, FL. 33442
954-656-3664

Mananda, Inc.
3320 W Hillsboro Blvd.
Deerfield Beach, FL. 33442
954-905-6065

Sun Life Personal Service, Inc.
742 S Federal Highway
Deerfield Beach, FL. 33441
561-731-2921

ARA Insurance Group
10775 NW 58 St.
Doral, FL. 33178
786-432-6355

Insurance Pro's of Yulee, LLC.
474268 SR 200
Fernandina Beach, FL. 32034
904-608-9509

Dumirez Insurance Corp.
33105 S. Dixie Hwy, Suite # 600
Florida City, FL. 33034
305-239-0074

Financial Xperts Group, LLC.
1150 W Sunrise Blvd.
Ft. Lauderdale, FL. 33311

Jasmelly, Inc.
1141 S federal Highway
Ft. Lauderdale, FL. 33316
954-368-1300

Jasmelly, Inc.
3553 David Blvd.
Ft. Lauderdale, FL. 33312
954-530-6967
Reliance Insurance Holdings, LLC.
917 W State Rd 84
Ft. Lauderdale, FL. 33315
954-909-5267

Rivero-Mendoza, Inc.
11150 S Cleveland Ave. Suite #110
Ft. Myers, FL. 33907
239-271-3570

Queen Sophia, LLC.
401 S 25th St.
Ft. Pierce, FL. 34947
772-672-4941

Buhos Income Tax & Insurance Corp.
3945 Jog Rd.
Greenacres, FL. 33467
561-965-2250

Ventura Insurance Group, Inc.
4651 Lake Worth Rd.
Greenacres, FL. 33463
561-410-7710

ME193, Inc.
720 Hallandale Beach Blvd.
Hallandale, FL. 33009
954-315-2323

Rigals Insurance Group, LLC.
1606 E Hallandale Beach Blvd.
Hallandale Beach, FL. 33009
954-399-2809

Camejo Insurance, Inc.
3640 Palm Ave.
Hialeah, Fl. 33012
305-381-5025

Camejo Insurance, Inc.
415 W 29 St.
Hialeah, FL. 33012
305-883-2003

Evelyn Star, Inc.
610 E 49 St.
Hialeah, FL. 33013
305-681-2900

Evelyn Star, Inc.
1041 E 8th Ave.
Hialeah, FL. 33010
305-887-8696

Jireh Insurance, Inc.
61 W 3rd St.
Hialeah, FL. 33010
305-884-4646

Odalys Alpizar Insurance Corp.
1313 W 49 St. Suite A
Hialeah, FL. 33012
305-556-2886
Odalys Alpizar Insurance Corp.
1140 W 68 St, Suite B
Hialeah, FL. 33012
305-825-2613

Odalys Insurance, Inc.
734 W. 49th St.
Hialeah, FL. 33012
305-556-3772

Odalys Insurance, Inc.
16855 NW 67 Ave.
Hialeah, FL. 33015
305-825-0002

Gardin Insurance Agency, Inc.
5985 W 25 Ct. #A106
Hialeah Gardens, FL. 33016
305-828-5313

Simon Insurance Corp.
3331 W 80th St.
Hialeah Gardens, FL. 33015
305-558-6577

Cuevas Solution Services, Inc.
7232 Taft St., Suite A
Hollywood, FL. 33024
954-602-2299

Dicuru, Corp.
2330 Hollywood Blvd.
Hollywood, FL. 33020
754-802-3141

Grecol Consultations, LLC.
5845C Hollywood Blvd.
Hollywood, FL. 33021
954-962-8662

High-Class Insurance Corp.
1655 N Federal Highway
Hollywood, FL. 33020
954-544-4405

RGGE Insurance

2790 Stirling Rd. Unit#3
Hollywood, FL. 33020
954-233-0796

Sky Insurance, Inc.
2329 N State Rd. 7
Hollywood, FL. 33021
954-241-0542

AVJ Insurance Group Corp.
30422 S Dixie Highway
Homestead, FL. 33030
305-242-0232

J&G Insurance Services, Inc.
338 N Krome Ave.
Homestead, FL. 33030
786-504-1365

Martinez Group Holdings, LLC.
3309 S Orange Blossom Trail
Kissimmee, FL. 34746
407-530-5300

Martinez Group Holdings, LLC.
3160 Vineland Rd. Unit#5
Kissimmee, FL. 34746
407-479-6200

Martinez Group Holdings, LLC.
1145 Bartow Rd.
Lakeland, FL. 33801
863-940-0090

Dorante Organization, LLC.
101 N Congress Ave.
Lake Park, FL. 33403
561-692-9630

ADMV Insurance, Inc.
3939 S Congress Ave. #102
Lake Worth, FL. 33461
561-966-9741

Avanti Family Insurance Inc.
4343 10th Ave.
Lake Worth, FL. 33461
561-410-7785

MP of Florida, Inc.
2435C 10 Ave. N.
Lake Worth, FL. 33461
561-228-6424

Nordes Royalty Insurance Corp.
6177 Jog Rd. Unit D14-A
Lake Worth, FL. 33463
561-485-0575

Sun Life Personal Service, Inc.
1448 N State Rd.
Lauderhill, FL. 33313
954-660-8805

Sun Life Personal Service, Inc.
3991 W Oakland Park Blvd.
Lauderdale Lake, FL. 33311
954-730-9777

A&B Services And More, LLC.
1315 Homestead Rd. N Unit C
Lehigh Acres, FL. 33936
239-366-4316

YD Solutions, LLC.
5107 Overseas Highway
Marathon, FL. 33050
305-501-5055

Arguello Insurance, Inc.
269 S State Rd 7
Margate, FL. 33068
954-970-1414

Palacio Insurance, Inc.
7384 W Atlantic Blvd.
Margate, FL. 33063
954-223-5210

Halfvillage Insurance Corp.
3148 W. New Haven Ave.
West Melbourne, FL. 32904
321-380-2742

A&A Insurance of FL. Corp.
7255 SW 24 St.
Miami, FL. 33155
305-444-8775

Albridan Corp.
8733 SW 24 St.
Miami, FL. 33165
305-220-3151

Allstars Insurance Partners, Inc.
3830 SW 137 Ave.
Miami, FL. 33175
305-677-7637

Allstars Insurance Partners, Inc.
8219 S Dixie Highway
Miami, FL. 33143
305-644-9301

Allstars Insurance Partners, Inc.
18099 S Dixie Highway
Miami, FL. 33157
305-255-2985

Allstars Insurance Partners, Inc.
20708 S Dixie Highway
Miami, FL. 33189
305-278-9710

ARA Insurance Group
7279 NW 36 St.
Miami, FL. 33166
305-599-8505

ARA Insurance Group
11756 SW 88 ST.
Miami, FL. 33186
305-598-2074

Betty Palma Insurance Consultants, Inc.
13788 SW 152 St.
Miami, FL. 33177
305-256-0100

Bigorra Insurance, Inc.
6801 SW 40 St.
Miami, FL. 33155
305-665-4147

Bigorra Insurance, Inc.
9561 NW 41 St.
Miami, FL. 33178
305-599-1333

Bigorra Insurance, Inc.
12460 SW 8 St. Suite#101
Miami, Fl. 33184
305-553-8400

Bogani Business Group, Inc.
2560 NW Miami Gardens Dr.
Miami, FL. 33180
305-779-2457

Clarisel & Ainarik, Inc.
180 NW 183 St. #115
Miami, FL. 33169
305-690-9499

Clarisel & Ainarik, Inc.
19902 NW 2 Ave.
Miami, FL. 33169
305-690-0261

Dumirez Insurance Corp.
1201 SW 8 St. Unit B
Miami, FL. 33135
305-859-8558

Dumirez Insurance Corp.
4214 SW 152 Ave
Miami, FL. 33185
786-628-0249

Ed & Ernest Insurance Co.
2923 NW 7 St.
Miami, FL. 33125

305-649-1001

Fagundo Group Corp.
13520 SW 120 St. #104
Miami, FL. 33186
305-961-1626

Family Star Insurance Corp.
7157 SW 8 St.
Miami, FL. 33144
305-908-2244

Family Star Insurance Corp.
4905 SW 8 St.
Miami, FL. 33134
305-446-4342

Fradyn Suarez Insurance Agency
3000-A NW 36 St.
Miami, FL. 33142
305-635-6335

Fradyn Suarez Insurance Agency
3750 W Flagler St.
Miami, FL. 33134
305-446-6822

G&G Star Group, LLC.
9520 SW 40 St. Suite #202
Miami, FL. 33165
305-390-8676

GP Insurance, LLC.
11279 SW 152 St.
Miami, FL. 33157
305-428-3884

Hope Insurance, Inc.
14035 SW 88 St.
Miami, FL. 33186
305-386-3787

Ibarra Insurance Services Corp.
11504 Quail Roost Dr.
Miami, FL. 33157
305-252-6888

J&G Insurance Services, Inc.
9500 NW 27 Ave.
Miami, FL. 33147
786-518-2898

J&G Insurance Services, Inc.
16241 SW 88 St.
Miami, FL. 33196
305-921-9955

JC & C Insurance, Inc.
2032 NW 17 Ave.
Miami, FL. 33142
305-326-1155

JLJ Investment Corp.
14772 SW 56 St.
Miami, FL. 33185
305-387-2040

La Perla Insurance Group Corp.
9808 S Dixie Highway
Miami, FL. 33156
305-704-0220

Legna Castaneda Agency, Inc.
8615 Biscayne Blvd.
Miami, FL. 33138
305-757-5900

Martinez & Alvarez, Inc.
16635 S Dixie Highway
Miami, Fl. 33157
305-255-3436

Oller & Oller Insurance, LLC.
2687 SW 25 Ter.
Miami, FL. 33133
305-503-4120

Quipe, LLC.
10 NW 32 St.
Miami, FL. 33127
305-390-8608

State Certified Insurance LLC.
6303 Bluelagoon Dr.,
Waterford#400
Miami, FL. 33126
305-278-5062

T & T Insurance Group Corp.
10760 SW 72 St.
Miami, FL. 33173
305-779-2447

T & T Insurance Group Corp.
8672 SW 72 St.
Miami, FL. 33143
305-779-2448

Valdes Family Insurance Corp.
2770 NW 79 St.
Miami, FL. 33147
305-779-2409

Villanueva Insurance LLC.
2705 SW 37 Ave.
Miami, FL. 33133
305-456-3686

YDR Insurance Agency Corp.
4587 NW 7 St.
Miami, FL. 33126
786-502-2676

Yessy Insurance, Inc.
7480 NW 186 St.
Miami, FL. 33015
305-828-2444

Yessy Insurance, Inc.
9461 W Flagler St.
Miami, FL. 33174
305-221-0661

Yessy Insurance II, Inc.
90 NW 79 Ave.
Miami, FL. 33126
305-262-7022

Yessy Insurance II, Inc.
10973 SW 40 St.
Miami, FL. 33165
305-221-1911

BGA Insurance Corp.
1108 Normandy Dr.
Miami Beach, FL. 33141
305-867-0444

DMD Insurance Corp.
1321 Alton Rd.
Miami Beach, FL. 33139
305-534-9434

All Kin Insurance, LLC.
3489 NW 183 St
Miami Gardens, FL. 33056
305-925-9944

Blue Star Insurance of Miami, Inc.
19760 NW 27 Ave.
Miami Gardens, FL. 33056
305-925-4090

C & Y Insurance Services Inc.
18355 NW 57 Ave.
Miami Gardens, FL. 33055
305-830-1477

Yessy Insurance II, Inc.
15434 NW 77 Ct.
Miami Lakes, FL. 33016
305-828-3311

Melnik Group, Inc.
3488 Red Rd.
Miramar, FL. 33025
954-556-1830

G. Arguello, Inc.
3360 S University Dr.
Miramar, FL. 33025
954-251-1654

Laurenceau Insurance, Inc.
6327 Miramar Parkway

Miramar, FL. 33023
954-404-6276

JM & M Insurance Service, Inc.
9929 Miramar Parkway
Miramar, FL. 33025
954-613-4124

Ada's Insurance Agency Corp.
4150 Airport Pulling Rd.
Naples, FL. 34104
239-259-7369

S&G Insurance Corp.
4846 Davis Blvd.
Naples, FL. 34104
239-268-0429

A&L Insurance, Inc.
27305 S Dixie Highway
Naranja, FL. 33032
305-242-9666

Arguello Insurance, Inc.
1291 S State Rd 7
North Lauderdale, FL. 33068
954-970-5367

M&G Insurance Management, Inc.
12745 Biscayne Blvd.
North Miami, FL. 33181
305-891-9797

Albear Insurance Group, Inc.
167 NE 167 St, Suite A
North Miami Beach, FL. 33162
305-651-7777

Elos Group Holdings, LLC.
1695 NE 163 St.
North Miami Beach, FL. 33162
305-639-2666

V&P Insurance Deals LLC.
619 N Lake Blvd. Suite B
North Palm Beach, FL. 33408
561-363-4680

Triton Insurance Consultants Corp.
109 E Oakland Park Blvd.
Oakland Park, FL. 33334
954-656-3620

M&G Pineda Corp.
1744 E Commercial Blvd.
Oakland Park, FL. 33334
954-656-3636

GP Insurance Services, LLC.
14880 NW 27 Ave.
Opa-Locka, FL. 33054
786-299-5522

Multiple Investments Outstanding Services, LLC.
894 Saxon Blvd. Unit#300
Orange City, FL. 32763
407-379-2597

All Casualty Insurance Corp.
612 W Vine St.
Orlando, FL. 34744
407-505-4045

All Casualty Insurance Corp.
9914-B E. Colonial Dr.
Orlando, FL. 34744
407-992-2290

Martinez Group Holdings, LLC.
174 S Semoran Blvd.
Orlando, FL. 32807
407-985-1200

Martinez Group Holdings, LLC.
10031 University Blvd.
Orlando, FL. 32817
407-755-4300

Martinez Group Holdings, LLC.
8204 Crystal Clear Ln. Suite #800
Orlando, FL. 32809
407-413-5100

V&P Insurance Deals 2, Corp.
9091 N. Military Trail, Suite #5
Palm Beach Gardens, FL. 33410
561-325-7879

MCJ Insurance, Inc.
2991 Forest Hill Blvd. Suite #1
Palm Springs, FL. 33406
786-531-4596

GP Insurance Services, LLC.
18263 Pines Blvd.
Pembroke Pines, FL. 33029
954-656-3626

Simon Insurance, Corp.
672 University Dr.
Pembroke Pines, FL. 33024
954-315-2310

J&G Insurance Services, Inc.
10275 Pines Blvd.
Pembroke Pines, FL. 33026
954-613-4560

Jasmelly, Inc.
210 S Flamingo Rd.
Pembroke Pines, FL. 33027
954-704-1717

Peguero Insurance, LLC.
6758 Pembroke Rd.
Pembroke Pines, FL. 33023
954-837-2250

Emma's Family Corp.
1615 N Hiatus Rd.
Pembroke Pines, FL. 33026
954-861-4343

Denaro Corp.
12651 S. Dixie Hwy, Suite A100D
Pinecrest, FL. 33156
305-333-1011

DRR Empire Group, LLC.
7251 49th Street N.
Pinellas Park, FL. 33781
727-308-3380

Agape Insurance 1, Corp.
298 S University Dr.
Plantation, FL. 33324
954-271-3239

Belco Insurance & Multiservice
3920 W Broward Blvd., Suite B2
Plantation, FL. 33312
954-792-6556

MOD Insurance, Inc.
8351 W Sunrise Blvd.
Plantation, FL. 33322
954-414-7045

Sun Life Personal Service, Inc.
2307 N Federal Highway
Pompano, FL. 33062
954-742-7272

Paradise Insurance, Inc.
1626 E Sample Rd.
Pompano Beach, FL. 33064
954-487-1660

Ventura Insurance Group, Inc.
3069 SW Port St. Lucie Blvd.
Port St. Lucie, Fl. 34953
772-281-3111
Ventura Insurance Group, Inc.
7186 S US Highway 1
Port St. Lucie, FL. 34952
772-497-0303

Hyperion Insurance Solutions Corp.
11051 Southern Blvd. Suite #140
Royal Palm Beach, FL. 33411
561-469-7633

Avanti Family Insurance Inc.
9990 Belvedere Rd., Room #600
Royal Palm Gardens, FL. 33411
561-412-1315

C&A Insurance Services Corp.
9140 W Commercial Blvd.
Sunrise, FL. 33351
954-656-3616

Azodis, LLC.
2705 54th Ave. N., Suite #6
St. Petersburg, FL. 33714
727-300-3039

Rizo-Garcia Insurance, LLC.
8923 W Oakland Park Blvd.
Sunrise, FL. 33351
Martinez Group Holdings, LLC.
7336 W Waters Ave.
Tampa, FL. 33634
813-644-7500

Martinez Group Holdings, LLC.
8484 W Hillsborough Ave.
Tampa, FL. 33615
813-542-5005

ACG Motors Insurance, Inc.
1093 N Military Trail
West Palm Beach, FL. 33409
561-964-8686

ACG Motor Insurance, Inc.
2140 S Military Trail
West Palm Beach, FL. 33415
561-228-6436

ACG Motor Insurance, Inc.
4645 Gun Club Rd. Suite #3
West Palm Beach, FL. 33415
561-701-9080

ACG Motor Insurance, Inc.
6108 S Dixie Highway, Suite #2
West Palm Beach, FL. 33405
561-408-7730

Avanti Family Insurance Inc.
2822 Okeechobee Blvd.
West Palm Beach, FL. 33409
561-410-7770

Nordes Royalty Investment Insurance Corp.
1271 Military Trail
West Palm Beach, FL. 33415
561-420-0676

Nordes Royalty Investment Insurance Corp.
954-905-6066

Okeechobee Insurance Corp.
5553 SW Federal Hwy.
Stuart, FL. 34997
772-405-1956

Family Insurance Group, LLC.
5855 N University Dr.
Tamarac, FL. 33321
954-903-5566

Simon Insurance Corp.
4989 N State Rd 7
Tamarac, FL. 33319
954-660-8844

X' One Insurance Group, LLC.
5335 N Military Trail Suite #52
West Palm Beach, FL. 33047
561-800-4160

ACG Motor Insurance, Inc.
5762-B Okeechobee Blvd.
West Palm Beach, FL. 33478
561-318-0024

Palm Beach Insurance Group, LLC.
2601 N Dixie Highway
Wilton Manors, FL. 33334
954-568-6220

ILLINOIS

FD & BP Group, LLC.
2957 W. Irving Park Rd.
Chicago, IL, 60618
773-828-1008

JB Producer & Broker Specialist Corp.
2253 N. Cicero Ave.
Chicago, IL. 60639
773-389-3999

MASSACHUSSETTES

Solano Enterprise, Inc.
2460 Main St., Suite #122
Springfield, MA. 01107
413-306-5739

NEW YORK

Ordonez Management Corp.
117 North Street
8283 NW 88 Ave.
Tamarac, FL. 33321
954-656-3640

All Casualty Insurance Corp.
10412 N Florida Ave.
Tampa, FL. 33612
813-212-5440

Martinez Group Holdings, LLC.
2624 W Hillsborough Ave.
Tampa, FL. 33614
813-485-8300

All Casualty Insurance Corp.
3434 W Columbus Dr. #204
Tampa, FL. 33607
813-497-5100
Middletown, NY. 10940
845-535-0095

NORTH CAROLINA

Reyes Insurance Corp.
4411 W. Gate City Blvd., Suite #103
Greensboro, NC. 27407
336-792-6153

Miranda Insurance Corp.
3901 Capital Blvd., Suite #121
Raleigh, NC. 27604
919-307-8767

TEXAS

2M Insurance Agency 411, LLC.
1010 E 8th St.
Dallas, TX. 75203
972-972-4233

PM Insurance Agency 396, LLC.
425 E. Pioneer Pkwy, Suite # 6
Grand Praire, TX. 75051
214-380-9880

Enlace Management LLC
2904 Denton Highway
Haltom City, TX. 76117
469-455-1315

Bolt Insurance Group, LLC.
8104 Southwest FWY
Houston, TX. 77074
713-384-0590

Escarcega LLC.
1620A Gessner Rd.
Houston, TX. 77080

218-688-4280 Ferolla & Mollinedo, LLC. 7909 Hillcroft St.	Houston, TX. 77081 346-445-6644 YVD, Corp.	6608 Hwy. 6 N., Suite B Houston, TX. 77084 832-699-0736

Exhibit F

Former Franchises
Transferred/ Terminated Units as of December 31, 2024

Name: M&M Insurance Corp.
Unit Address: 2051 S. Dobson Rd., Suite 9
Phoenix, AZ. 85201
Phone: 602-347-6595
Transferred to New Franchisees:
Aispuro Perez Financial Services Inc.
Date Left the System: September 30, 2024

Name: Grupo Estrella, LLC
Unit Address: 2500 Wilcrest Sr., Suite 300
Houston, TX. 77081
Unit Terminated on March 14, 2024

Name: Fusionrisk, LLC.
State: Colorado
Unit Terminated on: November 5, 2024

Name: Gator Insurance Agency, Inc.
Unit Address: 23038 Sandalfoot Plaza Dr.
Boca Raton, FL. 33428
Phone: 561-410-7700
Transferred to Current Franchisee: JMS LOC 2, Inc.
Date Left the System: November 30, 2024

Name: ACG Motor Insurance, Inc.
Unit Address: 4729 N. Congress Ave.
Boynton Beach, FL. 33426
Phone: 561-600-4949
Transferred to Current Franchisees: G&A Insurance Inc.
Date Left the System: September 30, 2024

Name: G&J Insurance, Inc.
Unit Address: 4963 Coconut Creek Parkway
Coconut Creek, FL. 33063
Phone: 954-487-1616
Transferred to Current Franchisee: Deluxe Star Insurance, Inc.
Date Left the System: April 30, 2024

Name: GP Insurance, Inc.
Miami- Dade County, FL.
Unit Null & Void on: June 1, 2024

Name: AG Paradise Corp.
Unit Address: 3488 Red Rd.,
Miramar, FL. 33025
Phone: 954-556-1830
Transferred to New Franchisee: Melnik Group, Inc.
Date Left the System: March 31, 2024

Name: Leiva Insurance Services Corp.
Unit Address: 3131 SW College Rd., Suite 405-A
Ocala, FL. 34474
Unit Terminated on: May 2, 2024

Name: DDR Insurance Corp.
Unit Address: 18263 Pines Blvd.
Pembroke Pines, FL. 33029
Phone: 954-656-3626
Transferred to Current Franchisee:
GP Insurance Services, LLC.
Date Left the System: May 31, 2024

Name: TBS Westchester SQ Inc.
Unit Address: 1442 Williamsbridge Rd.
Bronx, NY. 10461
Unit Terminated on: December 1, 2024

Name: Sobro Fil, Inc.
Unit Address: 252 Willis Ave.
Bronx, NY. 10454
Unit Terminated on September 5, 2024

Name: YGN Global Connection Consulting Group Corp.
Unit Address: 2962 Jerome Ave.
Bronx, NY. 10469
Agency Never Opened
Unit Terminated On: August 21, 2024

Name: TBS Westchester SQ, Inc.
Unit Address: 62-42 Forest Ave.
Flushing, NY. 11385
Agency Never Opened
Unit Terminated on: December 1, 2024

Name: Umbrella Nation Insurance Corp.
Unit Address: 777 NW 72 Ave., #1033
Miami, FL. 1033
Phone Number: 305-333-1011
Date Left the System: January 31, 2024
Name: TBS Westchester SQ Inc.
Unit Address: 6511 Myrtle Ave.
Glendale, NY. 11385
Agency Never Opened
Unit Terminated on December 1, 2024

Name: Ramos Services, Corp.
Unit Address: 52-14 Van Loon St., Ground FL.
Elmhurst, NY. 11373
Agency Never Opened
Unit Terminated on: August 20, 2024

Name: SV Fifth Stream Corp.
Unit Address: 132 W. Sunrise Highway
Freeport, NY. 11520
Agency Never Opened
Unit Null & Voided: March 6, 2024

Name: ZB 2 Group, LLC.
Unit Address: 700 E. Palm Valley, Suite 400
Round Rock, TX. 78664
Unit Terminated on: July 1, 2024

Former Area Representatives

None.

Exhibit “D-1”

Table of Contents of Manual

Exhibit "D-2"

Table of Contents of Representative Franchise Manual

Exhibit “E”

Franchisees and Area Representatives as of December 31, 2024

Area Representatives as of December 31, 2024

Colorado
303 Area Developers Holdings, CO.
2930 W 38 Ave.
Denver, CO. 80211
10 locations

Florida
Stephen Burnett Area Rep, LLC.
474268 SR 200
Fernandina Beach, FL. 32034
10 locations

Franchise Area Developers, LLC.
612 W. Vine St.
Kissimmee, FL. 34741
11 Locations

Texas
2M Insurance Agency 411, LLC.
1010 E 8 St.
Dallas, TX. 75203
10 locations

Exhibit "G"

Financial Statements

ESTRELLA FRANCHISING, CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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, 2022, 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, 2022, 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
March 10, 2023

ESTRELLA FRANCHISING, CORP.
FINANCIAL STATEMENTS
TABLE OF CONTENTS

ESTRELLA FRANCHISING, CORP.
BALANCE SHEET
DECEMBER 31, 2022

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	250,896
Restricted cash, advertising		386,930
Accounts receivable		808,972
Current portion of notes receivable, net		43,505
Other current assets		8,871
TOTAL CURRENT ASSETS		1,499,174
DUE FROM RELATED PARTIES		896,254
NOTES RECEIVABLE, NET		176,212
TOTAL ASSETS	$	2,571,640
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	258,231
Deferred advertising and marketing costs		445,654
Current portion of deferred revenue		77,955
Current portion of long-term debt		2,668
TOTAL CURRENT LIABILITIES		784,705
DEFERRED REVENUE, NET OF CURRENT PORTION		932,924
LONG-TERM DEBT, NET OF CURRENT PORTION		147,114
TOTAL LIABILITIES		1,864,743
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock		500
Additional paid-in capital		14,500
Retained earnings		692,094
TOTAL STOCKHOLDERS' EQUITY		707,094
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	2,570,539

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

ESTRELLA FRANCHISING, CORP.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUE	
Royalties	$ 6,070,235
Marketing fund revenue	4,260,393
Franchise sales and renewal fees	878,235
TOTAL REVENUE	11,208,863
EXPENSES	
Advertising, marketing and promotions	4,260,393
Other operating expenses	453,834
TOTAL EXPENSES	4,714,227
INCOME FROM OPERATIONS	6,493,338
OTHER INCOME	
Other income	77,073
Interest income, net	11,068
TOTAL OTHER INCOME	88,141
NET INCOME	$ 6,582,777

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

ESTRELLA FRANCHISING, CORP.
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Beginning balance, January 1, 2022	$ 500	$ 14,500	$ 717,220	$ 732,220
Distributions	-	-	(6,607,903)	(6,607,903)
Net income	-	-	6,582,777	6,582,777
Ending balance, December 31, 2022	$ 500	$ 14,500	$ 692,094	$ 707,094

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

ESTRELLA FRANCHISING, CORP.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 6,582,777
Adjustments to reconcile net income to net cash provided by operating activities:	
Bad debt expense	18,000
Changes in operating assets and liabilities:	
Accounts receivable	(184,879)
Other current assets	(5,664)
Notes receivable	(76,606)
Accounts payable and accrued expenses	(36,251)
Deferred advertising and marketing costs	98,680
Deferred revenue	(121,937)
TOTAL ADJUSTMENTS	(308,657)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,272,822
CASH FLOWS FROM INVESTING ACTIVITIES	
Repayment from related parties	10,242
NET CASH PROVIDED BY INVESTING ACTIVITIES	10,242
CASH FLOWS FROM FINANCING ACTIVITIES	
Distributions	(6,607,903)
NET CASH USED IN FINANCING ACTIVITIES	(6,607,903)
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(324,839)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	962,665
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	$ 637,826

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, 2022, there were 185 agencies consisting of 168 agencies operating in Florida, and the remainder operating in Arizona, California, Colorado 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 $251,000 and $387,000, as of December 31, 2022, 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 requires 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 agreement. 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, 2022, approximately 55% of the Company's revenue was derived from the commission-based royalties, 38% from marketing fund revenue and 7% 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 the initial franchise fee related to the 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, 2022, the Company had several area development agreements which grant the developers the right to open locations in a specific area 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 of the franchise agreement. During the year ended December 31, 2022, the Company recognized approximately $169,000 in area development fees which is included in franchise and renewal fees in the accompanying statement of operations.

During the year ended December 31, 2022, the Company had several area representative agreements which grant the representatives the right to sell locations in their respective area in future years. The Company recognizes the revenue after providing training to the representatives.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) REVENUE RECOGNITION (CONTINUED)

During the year ended December 31, 2022, the Company recognized approximately $325,000 in area representative fees which is included in franchise and renewal fees in the accompanying statement of operations.

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 $4,260,000 during the year ended December 31, 2022. As of December 31, 2022, deferred advertising and marketing costs were approximately $446,000.

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, 2022, 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, 2022, the Company's uninsured bank balances approximated $455,000. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022, the Company had no accrual for interest and penalties.

H) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments primarily consist of cash and cash equivalents, restricted cash, accounts and notes receivable. Management estimates that the fair value of its financial instruments approximate their carrying value at December 31, 2022.

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 March 10, 2023, which is the date the financial statements were available to be issued.

NOTE 3 - RELATED PARTIES

<u>DUE FROM RELATED PARTIES</u>

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, 2022, the note receivable had an outstanding balance of approximately $144,000.

NOTE 3 - RELATED PARTIES (CONTINUED)

DUE FROM RELATED PARTIES (CONTINUED)

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, 2022.

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, 2022.

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, 2022, these advances had an outstanding balance of approximately $729,000.

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, 2022, the Company incurred approximately $1,399,000 for these general and administrative expenses, which included approximately $1,256,000 in payroll and related expenses and $125,000 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, 2022, which resulted in the Company recording a net forgiveness of related party payables of approximately $60,000, which is included in other income in the accompanying statement of operations.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable included approximately $241,000 of amounts due to various related parties as of December 31, 2022. 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 accounts.

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, 2022, the notes receivable from franchisees totaled approximately $220,000, net of an allowance of approximately $28,000.

The notes receivable bear interest at 9% and have repayment terms ranging between 1-14 years. For the year ended December 31, 2022, the Company earned approximately $20,000 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,

2023	$ 44,000
2024	43,000
2025	48,000
2026	46,000
2027	8,000
Thereafter	59,000
	$ 248,000

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 continued to accrue interest during the deferment period. The Company began paying the loan in December 2022. The balance outstanding as of December 31, 2022 approximated $150,000.

NOTE 5 - NOTE PAYABLE (CONTINUED)

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

2023	$ 3,000
2024	3,000
2025	3,000
2026	3,000
2027	3,000
Thereafter	135,000
	150,000
Less: current portion	3,000
	$ 147,000

Interest incurred on the note payable for the year ended December 31, 2022 was approximately $9,000 and is included in interest income, net in the accompanying statement of operations. As of December 31, 2022, there was approximately $ 14,000 of interest accrued on the note payable which is included in accounts payable and accrued expenses in the accompanying balance sheet.

NOTE 6 - COMMITMENT AND CONTINGENCIES

LITIGATION

The Company is not involved in any legal actions arising from normal business activities. At December 31, 2022, 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, 2022.

NOTE 7 - COMMON STOCK

At December 31, 2022, the Company had 500 shares of $1 par value common stock authorized, of which 500 shares were issued and outstanding.

ESTRELLA FRANCHISING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Member of Estrella Franchising, LLC

Opinion

We have audited the accompanying financial statements of Estrella Franchising, LLC (a Florida Limited Liability Corporation), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, changes in member's 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, LLC as of December 31, 2023, and the results of its operations and 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, LLC 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.

Emphasis of a Matter

As discussed in Note 2J to the financial statements, the Company adopted Financial Accounting Standards Board Accounting Standards Update 2016-13 - *Financial Instruments – Credit Losses* as of January 1, 2023. Our opinion is not modified with respect to that matter.

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, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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, LLC'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, LLC'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
March 15, 2024

ESTRELLA FRANCHISING, LLC
FINANCIAL STATEMENTS
TABLE OF CONTENTS

ESTRELLA FRANCHISING, LLC
BALANCE SHEET
DECEMBER 31, 2023

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	1,629,016
Restricted cash, advertising		752,293
Accounts receivable, net of allowance for credit losses on cancelled policies of $416,000		1,706,212
Current portion of notes receivable		100,242
TOTAL CURRENT ASSETS		4,187,763
NOTES RECEIVABLE, NET OF CURRENT PORTION		205,397
TOTAL ASSETS	$	4,393,160
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	462,668
Deferred advertising and marketing costs		1,037,678
Current portion of deferred revenue		81,758
TOTAL CURRENT LIABILITIES		1,582,104
DEFERRED REVENUE, NET OF CURRENT PORTION		1,019,237
TOTAL LIABILITIES		2,601,341
COMMITMENTS AND CONTINGENCIES		
MEMBER'S EQUITY		1,791,819
TOTAL LIABILITIES AND MEMBER'S EQUITY	$	4,393,160

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

ESTRELLA FRANCHISING, LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

REVENUE	
Royalties	$ 7,293,875
Marketing fund revenue	5,633,318
Franchise sales and renewal fees	571,480
TOTAL REVENUE	13,498,673
EXPENSES	
Advertising, marketing and promotions	5,633,318
Other operating expenses	1,644,376
TOTAL EXPENSES	7,277,694
INCOME FROM OPERATIONS	6,220,979
OTHER INCOME	
Other income	39,777
Interest income, net	24,483
TOTAL OTHER INCOME	64,260
NET INCOME	$ 6,285,239

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

ESTRELLA FRANCHISING, LLC
STATEMENT OF MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL SHAREHOLDERS' EQUITY	TOTAL MEMBER'S EQUITY
Beginning balance, January 1, 2023	$ 500	$ 14,500	$ 692,094	$ 707,094	$ -
Settlement of balances due from previous shareholders	-	(14,500)	(692,094)	(706,594)	-
Conversion of S-corporation to limited liability company	(500)	-	-	(500)	500
Contributions	-	-	-	-	1,788,957
Distributions	-	-	-	-	(6,282,877)
Net income	-	-	-	-	6,285,239
Ending balance, December 31, 2023	$ -	$ -	$ -	$ -	$ 1,791,819

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

ESTRELLA FRANCHISING, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 6,285,239
Adjustments to reconcile net income to net cash, cash equivalents and restricted cash provided by operating activities:	
Provision for credit losses on cancelled policies	416,000
Operating expenses contributed by Member	1,492,629
Changes in operating assets and liabilities:	
Accounts receivable, net	(1,016,912)
Other current assets	8,871
Notes receivable	(85,922)
Accounts payable and accrued expenses	204,437
Deferred advertising and marketing costs	592,024
Deferred revenue	129,994
TOTAL ADJUSTMENTS	1,741,121
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,026,360
CASH FLOWS FROM FINANCING ACTIVITIES	
Distributions	(6,282,877)
NET CASH USED IN FINANCING ACTIVITIES	(6,282,877)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,743,483
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	637,826
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	$ 2,381,309
SUPPLEMENTAL CASH FLOW DISCLOSURES:	
NON-CASH INVESTING ACTIVITIES:	
Settlement of balances due from previous shareholders and related parties	$ 896,254
NON-CASH FINANCING ACTIVITIES:	
Non-cash contributions from Member	$ 296,328
Repayment of term loan by affiliate	$ 163,988

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

NOTE 1 - NATURE OF ORGANIZATION

Estrella Franchising, Corp. was incorporated under the laws of the State of Florida in January 2008. In April 2023, the shareholders of Estrella Franchising, Corp. (the "EFC Shareholders") contributed their interests in Estrella Franchising, Corp. to EFC Holding Company, Inc. ("EFC Holding"), a related party owned by the EFC Shareholders.

Estrella Franchising, Corp. executed a plan of conversion dated May 4, 2023 which converted Estrella Franchising, Corp., (the "Converting Company"), to Estrella Franchising, LLC, a Florida limited liability company (the "Surviving Company" or the "Company"). At the effective time of the conversion, by operation of law, the Surviving Company is for all purposes the same entity as the Converting Company (NOTE 7).

In May 2023, EFC Holding entered into a securities purchase agreement which resulted in the sale of the Company to Alliant Insurance Services, Inc. ("Alliant" or the "Member"), a California Corporation. As a result of the sale, the Company became a wholly-owned subsidiary of Alliant (NOTE 7).

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, 2023, there were 205 agencies consisting of 177 agencies operating in Florida, and the remainder operating in Arizona, California, Colorado, Massachusetts, North Carolina, New York 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 $1,629,000 and $752,000, as of December 31, 2023, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 requires 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. The Company recognizes revenue when or as the Company satisfies the performance obligations per the franchise agreement. 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, 2023, approximately 54% of the Company's revenue was derived from the commission-based royalties, 42% 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. Revenue from commission-based royalties and marketing fund revenue is stated in the accompanying statement of operations, net of an allowance for credit losses on cancelled policies (NOTE 2J).

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 the initial franchise fee related to the 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 includes 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) REVENUE RECOGNITION (CONTINUED)

During the year ended December 31, 2023, the Company had several area development agreements which grant the developers the right to open locations in a specific area 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 of the franchise agreement. During the year ended December 31, 2023, the Company did not open any new locations under area development agreements.

During the year ended December 31, 2023, the Company had several area representative agreements which grant the representatives the right to sell locations in their respective area in future years. The Company recognizes the revenue after providing training to the representatives. During the year ended December 31, 2023, the Company recognized approximately $113,000 in area representative fees which is included in franchise and renewal fees in the accompanying statement of operations.

D) ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES AND CANCELLED POLICIES

Accounts receivable consist primarily of amounts due from franchisees, including royalties and contributions to the marketing funds the Company manages. Accounts receivable are written off when they are determined to be uncollectible. Credit losses are estimated based on aging, historical collection experience, financial position of the franchisee and other factors, including those related to current economic conditions and reasonable and supportable forecasts of future conditions. Based on management's analysis, the Company does not expect any losses over the contractual life of the accounts receivable. Therefore, there was no allowance for credit losses as of December 31, 2023.

During the year ended December 31, 2023, the Company established an allowance for cancelled policies based on historical experience, trends and current conditions and future estimated loss estimates. The Company's methodology consists of analyzing historical rates of cancelled policies over the last six months and applying the policies' cancellation rate to the expected royalties and contributions to the marketing funds. Management is continually evaluating the assumptions used for appropriateness.

At December 31, 2023, accounts receivable totaled approximately $1,706,000, net of an allowance for credit losses on cancelled policies of approximately $416,000.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) 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 $5,905,000 during the year ended December 31, 2023. As of December 31, 2023, deferred advertising and marketing costs were approximately $1,038,000.

F) 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, 2023, the Company's property and equipment were fully depreciated.

G) 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, 2023, the Company's uninsured bank balances approximated $2,212,000. No losses have been experienced related to such accounts.

Financial instruments that potentially subject the Company to concentration of credit risks consist principally of accounts and notes receivable. To minimize the risk, accounts receivable are paid by the franchisees within two months of the royalties being earned. In addition, the Company primarily grants notes on franchise sales that generally require a deposit.

H) INCOME TAXES

The Company is organized as a limited liability company and is treated as a disregarded entity for federal and state income tax purposes. The results of operations of the Company are included in the income tax returns of the member and, consequently, no provisions for income taxes have been made in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H) INCOME TAXES (CONTINUED)

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during the year ended December 31, 2023. The Company had no accrual for interest and penalties at December 31, 2023.

Management identifies and evaluates potential 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 federal tax returns for the Company are generally subject to examination by respective taxing authorities for three years after the returns are filed. The income tax returns for 2020, 2021 and 2022 of the Converting Entity and 2023 of the Surviving Entity, when filed, remain open to possible examination.

I) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments primarily consist of cash and cash equivalents, restricted cash, accounts and notes receivable. Management estimates that the fair value of its financial instruments approximate their carrying value at December 31, 2023.

J) 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.

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13 - Financial Instruments – Credit Losses ("Topic 326"). Topic 326 requires immediate recognition of estimated credit losses expected to occur over the remaining life of financial assets, which generally results in earlier recognition of allowances for credit losses. The Company implemented Topic 326 as of January 1, 2023. The adoption of Topic 326 did not have a material impact on the Company's financial statements.

K) SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 15, 2024, which is the date the financial statements were available to be issued.

NOTE 3 - RELATED PARTIES

GENERAL AND ADMINISTRATIVE COSTS

The Member employs accounting and administrative staff for the Company and allocates the payroll and related expenses for these employees to the Company. During the year ended December 31, 2023, the Company incurred approximately $1,413,000 in payroll and related expenses, which is included in other operating expenses in the accompanying statement of operations. These expenses are paid by the Member on behalf of the Company. The Member does not expect to be reimbursed for these advances. As a result, they are accounted for as contributions and are included in distributions, net in the accompanying statement of member's equity.

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses included approximately $379,000 of amounts due to various related parties as of December 31, 2023. 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 credit losses, if any.

The Company performs ongoing credit evaluations of its franchisees. The allowance for credit losses is estimated based on historical collection experience, financial position of the franchisee and other factors, including those related to current economic conditions and reasonable forecasts of future conditions. Management evaluates the notes for impairment on an individual basis and writes off receivables as a charge to the allowance for credit losses when, in their estimation, it is probable that the receivable is uncollectible. Based on management's analysis, the Company does not expect any losses over the contractual life of the notes receivable. Therefore, there was no allowance for credit losses as of December 31, 2023. At December 31, 2023, the notes receivable from franchisees totaled approximately $306,000.

The notes receivable bear interest at 9% and have repayment terms ranging between 1-16 years. For the year ended December 31, 2023, the Company earned approximately $26,000 of interest income, which is included in interest income, net in the accompanying statement of operations.

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

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

2024	$ 100,000
2025	71,000
2026	55,000
2027	20,000
2028	14,000
Thereafter	46,000
	$ 306,000

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 maturing in June 2050. In April 2023, the Member paid off the outstanding loan balance on behalf of the Company. Interest incurred on the note payable from January through the payoff date was approximately $1,000 and is included in interest income, net in the accompanying statement of operations.

NOTE 6 - COMMITMENT AND CONTINGENCIES

LITIGATION

The Company is not involved in any legal actions arising from normal business activities. At December 31, 2023, 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, 2023.

NOTE 7 - MEMBER'S EQUITY

PLAN OF CONVERSION

Prior to the execution of the plan of conversion in May 2023, the Converting Company had 500 shares of $1 par value common stock authorized, of which 500 shares were issued and outstanding. Each share of stock of the Converting Company were converted to one membership unit of the Surviving Company, such that the relative percentage ownership of the member in the Surviving Company immediately following the Conversion were the same as the relative percentage ownership of the shareholder in the Converting Company immediately prior to the Conversion.

EFC Holdings sold, transferred and assigned its member's units to Alliant upon the execution of the securities purchase agreement with Alliant.

SETTLEMENT OF RELATED PARTIES BALANCES

The Company settled all amounts due from the EFC Shareholders and their related parties concurrently with the sale to Alliant. The settlement resulted in a decrease of the previous shareholders' equity of approximately $707,000.

DISTRIBUTIONS

During the year ended December 31, 2023, distributions amounted to approximately $6,283,000 of which approximately $2,347,000 were distributed to the EFC shareholders prior to the sale of the Company. The amount distributed to the EFC shareholders represented the net income that the Company generated from the period of January 1, 2023 through the date of the sale to Alliant.

Consent

PAAST, P.L., consents to the use in the Franchise Disclosure Document issued by Estrella Franchising, LLC ("Franchisor"), on March 15, 2024, as it may be amended, of our report dated March 15, 2024 (date of accountant's report), relating to the financial statements of Franchisor for the period ending December 31, 2023.

Date: ____March 15, 2024________________

PAAST, P.L.

By: ________________________________

Print Name: Michael Torres

Title: Partner

ESTRELLA FRANCHISING, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2024

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Member of Estrella Franchising, LLC

Opinion

We have audited the accompanying financial statements of Estrella Franchising, LLC (a Florida Limited Liability Corporation), which comprise the balance sheet as of December 31, 2024, and the related statements of operations, changes in member's 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, LLC as of December 31, 2024, and the results of its operations and 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, LLC 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, LLC'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, LLC'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, LLC'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 2, 2025

ESTRELLA FRANCHISING, LLC
FINANCIAL STATEMENTS
TABLE OF CONTENTS

ESTRELLA FRANCHISING, LLC
BALANCE SHEET
DECEMBER 31, 2024

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	161,274
Restricted cash, advertising		1,285,664
Commissions receivable, net of allowance for credit losses on cancelled policies		1,978,820
Due from Parent		300,000
Current portion of notes receivable		90,270
TOTAL CURRENT ASSETS		3,816,028
PROPERTY AND EQUIPMENT, NET		24,800
NOTES RECEIVABLE, NET OF CURRENT PORTION		110,202
TOTAL ASSETS	$	3,951,030
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	164,865
Deferred advertising and marketing costs		2,273,113
Current portion of deferred revenue		86,218
TOTAL CURRENT LIABILITIES		2,524,196
DEFERRED REVENUE, NET OF CURRENT PORTION		916,820
TOTAL LIABILITIES		3,441,016
COMMITMENTS AND CONTINGENCIES		
MEMBER'S EQUITY		510,014
TOTAL LIABILITIES AND MEMBER'S EQUITY	$	3,951,030

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

ESTRELLA FRANCHISING, LLC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

REVENUE	
Royalties	$ 8,938,825
Marketing fund revenue	6,464,430
Franchise sales and renewal fees	439,561
TOTAL REVENUE	15,842,816
EXPENSES	
Advertising, marketing and promotions	6,464,430
Salaries	1,894,631
Other operating expenses	524,941
TOTAL EXPENSES	8,884,002
INCOME FROM OPERATIONS	6,958,814
OTHER INCOME	
Interest income, net	17,652
TOTAL OTHER INCOME	17,652
NET INCOME	$ 6,976,466

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

ESTRELLA FRANCHISING, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

Beginning balance, January 1, 2023	$	1,791,819
Contributions		1,851,729
Distributions		(10,110,000)
Net income		6,976,466
Ending balance, December 31, 2024	$	510,014

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

ESTRELLA FRANCHISING, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 6,976,466
Adjustments to reconcile net income to net cash, cash equivalents and restricted cash provided by operating activities:	
Depreciation expense	12,100
Changes in operating assets and liabilities:	
Commissions receivable, net	(272,608)
Notes receivable	105,167
Accounts payable and accrued expenses	(297,803)
Deferred advertising and marketing costs	1,235,435
Deferred revenue	(97,957)
TOTAL ADJUSTMENTS	684,334
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,660,800
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(36,900)
Advances to Parent	(300,000)
NET CASH USED IN INVESTING ACTIVITIES	(336,900)
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions from Member	1,851,729
Distributions to Member	(10,110,000)
NET CASH USED IN FINANCING ACTIVITIES	(8,258,271)
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(934,371)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	2,381,309
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	$ 1,446,938

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

NOTE 1 - NATURE OF ORGANIZATION

Estrella Franchising, Corp. was incorporated under the laws of the State of Florida in January 2008. Estrella Franchising, Corp. executed a plan of conversion dated May 4, 2023 which converted Estrella Franchising, Corp., (the "Converting Company"), to Estrella Franchising, LLC, a Florida limited liability company (the "Surviving Company" or the "Company"). At the effective time of the conversion, by operation of law, the Surviving Company is for all purposes the same entity as the Converting Company.

Estrella Franchising, LLC is a wholly-owned subsidiary of Alliant Insurance Services, Inc. (the "Parent"), a California corporation. 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, 2024, there were 214 agencies consisting of 184 agencies operating in Florida, and the remainder operating in Arizona, California, Colorado, Illinois, Massachusetts, New York, North Carolina, 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 $161,000 and $1,286,000, as of December 31, 2024, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 requires 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. The Company recognizes revenue when or as the Company satisfies the performance obligations per the franchise agreement. 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, 2024, approximately 57% of the Company's revenue was derived from the commission-based royalties, 40% from marketing fund revenue and 3% 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. Revenue from commission-based royalties and marketing fund revenue is stated in the accompanying statement of operations, net of an allowance for credit losses on cancelled policies (NOTE 2J).

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 the initial franchise fee related to the 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 includes 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) REVENUE RECOGNITION (CONTINUED)

During the year ended December 31, 2024, the Company had several area development agreements which grant the developers the right to open locations in a specific area 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 of the franchise agreement.

During the year ended December 31, 2024, the Company had several area representative agreements which grant the representatives the right to sell locations in their respective area in future years. The Company recognizes the revenue associated with the area representative agreements after providing training to the representatives.

D) COMMISSIONS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES AND CANCELLED POLICIES

Commissions receivable consist primarily of amounts due from franchisees, including royalties and contributions to the marketing funds the Company manages. Commissions receivable are written off when they are determined to be uncollectible. Credit losses are estimated based on aging, historical collection experience, financial position of the franchisee and other factors, including those related to current economic conditions and reasonable and supportable forecasts of future conditions. Based on management's analysis, the Company does not expect any losses over the contractual life of the commissions receivable. Therefore, there was no allowance for credit losses as of December 31, 2024.

The Company maintains an allowance for cancelled policies based on historical experience, trends and current conditions and future estimated loss estimates. The Company's methodology consists of analyzing historical rates of cancelled policies over the last six months and applying the policies' cancellation rate to the expected royalties and contributions to the marketing funds. Management is continually evaluating the assumptions used for appropriateness.

At December 31, 2024 and 2023, commissions receivable totaled approximately $1,979,000, and $1,706,000, respectively, net of an allowance for credit losses on cancelled policies of approximately $392,000 and $416,000, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) 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 $6,464,000 during the year ended December 31, 2024. As of December 31, 2024, deferred advertising and marketing costs were approximately $2,273,000.

F) 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, 2024, the Company's property and equipment totaled approximately $25,000, net of depreciation expense of approximately $12,000.

G) 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, 2024, the Company's uninsured bank balances approximated $1,344,000. No losses have been experienced related to such accounts.

Financial instruments that potentially subject the Company to concentration of credit risks consist principally of commissions and notes receivable. To minimize the risk, commissions receivable are paid by the franchisees within two months of the royalties being earned. In addition, the Company primarily grants notes on franchise sales that generally require a deposit.

H) INCOME TAXES

The Company is organized as a limited liability company and is treated as a disregarded entity for federal and state income tax purposes. The results of operations of the Company are included in the income tax returns of the member and, consequently, no provisions for income taxes have been made in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H) INCOME TAXES (CONTINUED)

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during the year ended December 31, 2024. The Company had no accrual for interest and penalties at December 31, 2024.

Management identifies and evaluates potential 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 federal tax returns for the Company are generally subject to examination by respective taxing authorities for three years after the returns are filed. The income tax returns for 2021, 2022, 2023, and 2024, when filed, remain open to possible examination.

I) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company’s financial instruments primarily consist of cash and cash equivalents, restricted cash, commissions and notes receivable. Management estimates that the fair value of its financial instruments approximate their carrying value at December 31, 2024.

J) 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.

K) SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 2, 2025, which is the date the financial statements were available to be issued.

NOTE 3 - 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 receivables are stated at unpaid principal balances, net of an allowance for credit losses, if any.

The Company performs ongoing credit evaluations of its franchisees. The allowance for credit losses is estimated based on historical collection experience, the financial position of the franchisee and other factors, including those related to current economic conditions and reasonable forecasts of future conditions. Management evaluates the notes for impairment on an individual basis and writes off receivables as a charge to the allowance for credit losses when, in their estimation, it is probable that the receivable is uncollectible. The Company's allowance for credit losses amounted to $18,000 as of December 31, 2024 and 2023. At December 31, 2024 and 2023, the notes receivable from franchisees totaled approximately $200,000 and $306,000, respectively.

The notes receivable bear interest at 9% and have repayment terms ranging between 1-16 years. For the year ended December 31, 2024, the Company earned approximately $18,000 of interest income.

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

2025	$ 90,000
2026	42,000
2027	8,000
2028	9,000
2029	8,000
Thereafter	43,000
	$ 200,000

NOTE 4 - RELATED PARTIES

From time to time, the Company advances funds to or borrows from the Parent. These advances are non-interest bearing and are due on demand. Amounts due from the Parent amounted to $300,000 as of December 31, 2024. These advances were remitted to the Company subsequent to year-end.

NOTE 5 - COMMITMENT AND CONTINGENCIES

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, 2024.

LITIGATION

At December 31, 2024, management is not aware of any litigation pending against the Company.

Subsequent to year-end, the Company experienced a data breach that compromised the personal information of its customers. In March 2025, the Company entered into a confidential agreement to settle a class action lawsuit related to this matter. The estimated costs associated with the settlement and related legal fees are approximately $204,000 and $150,000, respectively.

NOTE 6 - MEMBER'S EQUITY

The Company had 500 membership units of $1 par value issued as of December 31, 2024.

Exhibit "H"

Estrella Franchising, LLC
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 a Franchise Agreement for the operation of an 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 Franchise Agreement and each exhibit and schedule attached to it? Yes ___ No ___

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

If no, what parts of the Franchise 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? 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 Franchise 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 Franchise Agreement, have you relied on any promises of Franchisor which are not contained in the Franchise 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 Franchise 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"

State Addenda

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
ESTRELLA FRANCHISING CORP.

STATE OF CALIFORNIA

The following paragraphs are added to the Disclosure Document:

> 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 CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

The following is added to the information required at Item 3.C. of the Disclosure Document pursuant to the regulations promulgated under the California Franchise Investment Law:

> Neither the franchisor nor any person or franchise broker identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a. et seq., suspending or expelling such persons from membership in such association or exchange.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

> California Law Regarding Termination and Non-renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
>
> Termination Upon Bankruptcy. 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.
>
> Post-Termination Non-Competition Covenants. 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.
>
> Liquidated Damages. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code 1671, certain liquidated damages clauses are unenforceable.

Governing Law. The Franchise Agreement requires application of the laws of the State of Florida. This provision may not be enforceable under California Law.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur in Florida with the costs being borne by the losing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE § 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§ 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE § 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§ 20000 THROUGH 200.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

California Franchise Investment Law (Corporations Code Sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of law.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

Estrella Franchising, LLC
Addendum to Franchise Agreement
For the State of California

The parties to the Franchise Agreement dated ___________, _________, hereby agree that the Franchise Agreement will be amended as follows:

1. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
2. In all other respects, the Franchise Agreement shall remain in full force and effect.

Dated; ____________________

Franchisor:

Estrella Franchising, LLC

By: ___________________________

Its: ___________________________

Franchisee:

____

By: ___________________________

Its: ___________________________

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, LLC, a Florida limited liability company ("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	4/30/24
Indiana	
Maryland	
Michigan	
Minnesota	
New York	8/7/24
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, LLC, 1801 SW 3rd Avenue, Miami, FL 33129, 305-443-2829; and ____.

Issuance Date: April 11, 2025.

See Exhibit "A" for our registered agents authorized to receive service of process.

I have received a disclosure document dated April 11, 2025, that included the following Exhibits:

Exhibit "A"	State Agencies and Administrators/Agents for Service of Process
Exhibit "B"	Franchise Agreement
Exhibit "C"	Area Representative Agreement
Exhibit "D"	Table of Contents of Confidential Operating Manual
Exhibit "E"	Franchisees and Area Representatives as of December 31, 2024
Exhibit "F"	Former Franchisees and Area Representatives as of December 31, 2024
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.

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, LLC, 1801 SW 3rd Avenue, Miami, FL 33129, 305-443-2829; and ____.

Issuance Date: April 11, 2025.

See Exhibit “A” for our registered agents authorized to receive service of process.

I have received a disclosure document dated April 11, 2025, that included the following Exhibits:

Exhibit “A”	State Agencies and Administrators/Agents for Service of Process
Exhibit “B”	Franchise Agreement
Exhibit “C”	Area Representative Agreement
Exhibit “D”	Table of Contents of Confidential Operating Manual
Exhibit “E”	Franchisees and Area Representatives as of December 31, 2024
Exhibit “F”	Former Franchisees and Area Representatives as of December 31, 2024
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

PLEASE SIGN AND DATE THIS COPY OF THE RECEIPT AND RETURN IT TO:
Estrella Franchising Corp., 1801 SW 3rd Avenue, Miami, Florida 33129