800-Carinsurance

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)

As a franchisee, you will operate an insurance agency and financial services business ("Franchised Business") under our franchise system with one of the following marks that you select (the "Selected Mark"): ***ESTRELLA INSURANCE*** or ***800-CARINSURANCE***. The total initial investment necessary to begin operation of an individual Commercial Office Franchised Business ranges from $49,950 to $84,000. This includes $25,000 that must be paid to the franchisor. The total initial investment necessary to begin operation of an individual Home-Based Franchised Business ranges from $12,250 to $17,500. This includes $10,000 that must be paid to the franchisor.

We also offer, pursuant to this disclosure document, the right to open and operate multiple Franchised Businesses under a development agreement. The development agreement is only for Commercial Office Franchised Businesses. The total initial investment for a multi-unit developer will vary based on the number of Franchised Businesses you will develop, own and operate. A multi-unit developer may open between 2 and 5 Franchised Businesses. Therefore, the total investment necessary to begin operation of a multi-unit development business will range from $59,900 to $124,000. This includes between $35,000 and $65,000 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise 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: March 30, 2023, as amended June 14, 2023

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 D, E, & 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 INSURANCE or 800-CARINSURANCE 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 INSURANCE or 800-CARINSURANCE franchisee?	Item 20 or Exhibits D & 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 results in loss of territorial rights, termination of your franchise, and loss of your investment.
3. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make payments may result in termination of your franchise and loss or your investment.
4. **Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.
5. **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.

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Exhibit "A"	State Agencies and Administrators/Agents for Service of Process
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Exhibit "C"	Table of Contents of Confidential Operating Manual
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Exhibit "G"	Financial Statements
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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*** and ***800-CARINSURANCE***. 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, whose principal address is 1801 SW 3rd Avenue, Miami, Florida 33129. 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 or did it previously or at the present time, offer franchises in other lines of business.

On May 5, 2023, we were acquired by Confie Estrella, Inc. ("Confie Estrella"), a Califronia 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

Servcies, 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. They operate under the same franchise system. We no longer offer franchises under the 800-CARINSURANCE name. 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 193 ***ESTRELLA INSURANCE*** franchises in operation, all of which are Commercial Office Locations.

The ESTRELLA INSURANCE Franchise

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 allow certain franchisees that fit our criteria to become Area Developers ("Developers"). Developers sign an Area Development Agreement (“Development Agreement, Exhibit “B-1”), 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 Commercial Office Franchised Business will operate 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 sole 4 Developers.

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.

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. Since 2004 until present, he has been an Attorney, Miami, Florida.

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. From December 2005 until January 2008, he was a Broker, Empire Business Brokers, Inc., Miami, Florida.

Controller – Javier Garcia

Mr. Garcia has been our Controller since July, 2020. From April, 2017 to June, 2020, Mr. Garcia was the Controller for Atlantic Coast Restaurant and Mechanical Services, LLC in Miami, Florida.

Vice President and Director of Operations – Richard N. Estrella

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

Director of Franchising and Training – Analaura Morales

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

Director of Information Technology – Manuel F. Alea Cofiño

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

Director of Audit and Compliance – Lidia Lily Hernandez

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

Director of Franchise Development – Felipe Martinez

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

Territory Manager - Stefan Tenreiro

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

Territory Manager - Cecilia A. Quijada

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

Territory Manager – Jose Esteban Sanchez.

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

Territory Manager – Marco Tulio Mena

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

Territory Manager – Maria Boffill

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

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

a. Commercial Office. The initial franchise fee for your first Commercial Office franchise is $25,000. The initial franchise fee is calculated on a uniform basis for all franchisees. The initial franchise fee for a Commercial Office franchise is payable as follows: $15,000 when you sign the Franchise Agreement and the balance prior to the commencement of your training. (See Item 11.) 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.

b. Home-Based. The initial franchise fee for a Home-Based franchise is $10,000. The initial franchise fee is calculated on a uniform basis for all franchisees. The initial franchise fee for a Home-Based franchise is payable as follows: $7,500 when you sign the Franchise Agreement and the balance of $2,500 prior to the commencement of your initial pre-opening training. (See Item 11.). 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.

c. Development Agreement. You must pay a development fee ("Development Fee"), if and when you sign a Development Agreement. If you enter into a Development Agreement for Commercial Office Franchised Businesses, upon signing the Development Agreement, you must simultaneously sign a Franchise Agreement for your first Commercial Office Franchised Business. In addition to the initial franchise fee for the first Franchised Business, you must pay to us a Development Fee equal to $10,000 multiplied by the total number of Franchised Businesses you agree to develop after the first one under the Development Agreement. The number of Franchised Businesses you must open will be determined before you sign the Area Development Agreement. For example, if you sign a Development Agreement to open 5 Commercial Office Franchised Businesses, you will sign a Franchise Agreement and pay a franchise fee of $25,000 for the first Commercial Office franchise and you will pay a Development Fee of $40,000 or $10,000 for each of the 4 additional Commercial Office Franchised Businesses you will open, for a total of $65,000. Each time you sign a Franchise Agreement for one of the additional Commercial Office Franchised Businesses, you must pay us the franchise fee for that Commercial Office Franchised Business. We will credit $10,000 of the Development Fee against each franchise fee, and the amount owed upon signing each additional Franchise Agreement will be $10,000 for the first additional Commercial Office Franchised Business and $6,000 for each Commercial Office Franchised Business thereafter. The Development Fee is calculated uniformly for all Developers, but the amount of the actual fee will vary based on the number of Commercial Office Franchised Businesses you agree to develop. The Development Fee is not refundable under any circumstances, but it is credited against additional franchises fees as described above.

ITEM 6. OTHER FEES

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

Franchise Agreement

OTHER FEES			
TYPE OF FEE	**AMOUNT**	**DUE DATE**	**REMARKS**
Royalty Fee	10% to 14% of Net Commissions	Following month	The Royalty Fee will range from 10% to 14% of Net Commissions depending on the location of your Franchised Business.

OTHER FEES			
TYPE OF FEE	**AMOUNT**	**DUE DATE**	**REMARKS**
			"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 Commisisons.
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.

Development Agreement for Commercial Office Franchised Business

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Transfer Fee	$10,000	Before transfer is effective	We charge a transfer fee when the Development Agreement or any ownership interest in the person/entity owning the Development Agreement is

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
			transferred. There are other conditions for transfer.
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.
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.
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.

ITEM 7. ESTIMATED INITIAL INVESTMENT

Franchise Agreement for Commercial Office Franchised Business

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
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	**$49,950 to $84,000**			

]

[1] See Item 5 for information about the initial franchise fee.

[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.

[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.

YOUR ESTIMATED INITIAL INVESTMENT
HOME-BASED

Type of Expenditure	**Amount Low-High**	**Method of Payment**	**When Due**	**To Whom Payment is to be Made**
Initial Franchise Fee[1]	10,000	Lump Sum	At signing of Franchise Agreement	Us
Computer[2]	$1,000 to $2,000	Per Vendor	Per Vendor	Vendors
Insurance [3]	$500 to $1,500	Lump Sum	Before Opening	Insurance Company
Training Expense[4]	$500	Cash	Before Opening	Transportation, Hotels, and Restaurants
Fictitious Name Registration and/or Incorporation and Legal Review[5]	$250 to $500	Lump Sum	Before Signing Franchise Agreement	Third Parties
Additional Funds (3 months)[6]	$0 to $3,000	As Incurred	As Incurred	See Note 6
Total Estimated Initial Investment	**$12,250 to $17,500**			

Notes:

[1] See Item 5 for information about the initial franchise fee.
[2] 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).
[3] 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 grounds for termination of the Franchise Agreement.
[4]. 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 this estimate. The estimate contemplates attendance of 2 management level persons travelling 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.

[5]. 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 attorney's fees and the scope of the legal services requested.

[6]. 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.

Development Agreement for Commercial Office Franchised Business

TYPES OF EXPENDITURE	AMOUNTS	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee (Note 1)	$10,000 to $40,000	Cashier's Check	Upon Signing Development Agreement	Us
Franchise Fee	$25,000	Cashier's Check	Upon Signing 1st Franchise Agreement	Us
Other Expenditures (Note 2) for 1st Franchised Business	$24,900 - to $59,000	As Disclosed in Preceding Chart	As Disclosed in Preceding Chart	As Disclosed in Preceding Chart
TOTAL	**$59,900 - to $124,000**			

The above chart provides an estimate of your initial investment to open your first Franchised Business if, for example, you sign a Development Agreement for the development of between 2 and 5 Commercial Office Franchised Businesses.

Note 1. The Development Fee is described in greater detail in Item 5. These estimates describe the initial investment for a developer to open between 2 and 5 Franchised Businesses.

Note 2. The specific components of your initial investment for the first Commercial Office Franchised Business are as stated in the preceding chart. The cost of leasehold improvements and your other costs to develop the second and each additional Commercial Office Franchised Businesses may be affected by factors such as inflation, local labor costs, materials cost and other factors not within our control.

For both the Franchise Agreement and Development Agreement, payments are non-refundable, unless noted. Payments to third parties may be refundable depending on their individual policies.

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 2022, our affiliate EGA, collected a total of $8,361,667 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*** or ***800-CARINSURANCE*** 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 DEVELOPMENT AGREEMENT**	**FRANCHISE DISCLOSURE DOCUMENT ITEM**
a. Site selection and acquisition/lease	2.1; 7.1	None	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	None	7 and 11
e. Opening	7.1(b)	4	11
f. Fees	4.1 - 4.10	3 and 7	5, 6 and 7
g. Compliance with standards and policies/operating manuals	7.1 - 7.8	None	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	None	16
j. Warranty and customer service requirements	7.10	None	N/A
k. Territorial development and sales quotas	2.1 - 2.3	4 and Exhibit "A"	12
l. Ongoing product/service purchases	7.1	None	8
m. Maintenance, appearance and remodeling	None	None	N/A
n. Insurance	7.5	None	7 and 8
o. Advertising	6.1 - 6.5	None	7 and 11
p. Indemnification	14.2	11	None
q. Owner's participation/management/staffing	7.3; 8.1; 9.2	4	1, 11 and 15
r. Records/reports	4.6; 7.6	None	None
s. Inspections/audits	7.6 - 7.7	None	6

FRANCHISEE'S OBLIGATIONS COMMERCIAL OFFICE			
OBLIGATION	**SECTION IN FRANCHISE AGREEMENT**	**SECTION IN DEVELOPMENT AGREEMENT**	**FRANCHISE DISCLOSURE DOCUMENT ITEM**
t. Transfer	9.1 - 9.5	7	6 and 17
u. Renewal	3.2 - 3.4	5	6 and 17
v. Post-termination obligations	12.1 - 12.4	9	17
w. Non-competition covenants	10.1 - 10.2	9	17
x. Dispute resolution	13.1; 14.8; 14.16; 14.17; 14.18; 14.20; 14.21	13	17
Other: Guaranty of Franchisee's obligations (1)	4, 8	22	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.

FRANCHISEE'S OBLIGATIONS HOME-BASED		
OBLIGATION	**SECTION IN FRANCHISE AGREEMENT**	**DISCLOSURE DOCUMENT ITEM**
a. Site selection and acquisition/lease	N/A	Not Applicable
b. Pre-opening purchases/leases	N/A	Not Applicable
c. Site development and other preopening requirements	N/A	Not Applicable
d. Initial and ongoing training	8.1	7 and 11
e. Opening	7.1(b)	11
f. Fees	4.1 - 4.10	5, 6 and 7
g. Compliance with standards and policies/operating manuals	7.1 - 7.8	8 and 11
h. Trademarks and proprietary information	5.1 - 5.9; 10.1 - 10.2	13 and 14
i. Restrictions on products/services offered	7.2	16
j. Warranty and customer service requirements	7.10	Not Applicable
k. Territorial development and sales quotas	2.1 - 2.3	12
l. Ongoing product/service purchases	7.1	8

FRANCHISEE'S OBLIGATIONS HOME-BASED		
OBLIGATION	**SECTION IN FRANCHISE AGREEMENT**	**DISCLOSURE DOCUMENT ITEM**
m. Maintenance, appearance and remodeling	None	Not Applicable
n. Insurance	7.5	7 and 8
o. Advertising	6.1 - 6.5	7 and 11
p. Indemnification	14.2	None
q. Owner's participation/management/staffing	7.3; 8.1; 9.2	1, 11 and 15
r. Records/reports	4.6; 7.6	None
s. Inspections/audits	7.6 - 7.7	6
t. Transfer	9.1 - 9.5	6 and 17
u. Renewal	3.2 - 3.4	6 and 17
v. Post-termination obligations	12.1 - 2.4	17
w. Non-competition covenants	10.1 - 10.2	17
x. Dispute resolution	13.1; 14.8; 14.16; 14.17; 14.18; 14.20; 14.21	17
Other: Guaranty of Franchisee's obligations (1)	4, 8	15

Note 1: Each individual who owns an interest in a franchisee that is a business entity, and his or her respective spouse, must sign an agreement to guaranty and discharge all obligations of the Franchisee under the Franchise Agreement (Exhibit "C" to Franchise 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 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. It is not intended to be our practice or intent to sell, assign, or discount to a third party all or part of the financing arrangement. Neither we nor our affiliates receive any consideration for obtaining or placing financing with a lender.

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. (References are to the Franchise Agreement.)

Pre-Opening Obligations

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 "C" 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

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))

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 2022, the Marketing Fund spent its contributions on a percentage basis as follows: media placement 87%, administrative 11%, production 1%, and 1% other advertising related expenses.

We will direct all marketing programs financed by the Marketing Fund and will have sole discretion over the creative concepts, materials, and endorsements used and the geographic market and media placement and allocation. We mayl use national or regional advertising agencies. We may charge the Marketing Fund fees, at reasonable market rates and terms, for advertising, marketing, and promotional services that we or any of our affiliates actually provides in lieu of engaging third-party agencies to provide such services. The Marketing Fund may be used to pay the costs of conducting marketing surveys and research; employing public relations firm; preparing and producing video, audio, and printed marketing materials, administering multi regional marketing programs, including, without limitation, purchasing television, radio, magazine, billboard, newspaper, and other media advertising, and employing advertising agencies, providing marketing materials to ***ESTRELLA INSURANCE*** and ***800-CARINSURANCE*** agencies and holding conventions and regional meetings for franchisees. We may have the Marketing Fund borrow from us or other lenders on commercially reasonable rates and terms and repay such loans and interest from the Marketing Fund, to cover any Marketing Fund deficit or to advance funds that we believe in our sole discretion may benefit the System by being spent sooner than funds may otherwise be available in the Marketing Fund. 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. We may, in our sole discretion, make, or refrain from making, any expenditures for advertising, marketing, and promotional activities. Without limiting the generality of the foregoing, in any calendar year, we may spend more or less than that year's aggregate advertising contributions to the Marketing Fund.

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.

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.

Operations Manual

The Table of Contents of the Operations Manual is attached to this Franchise Disclosure Document as Exhibit "C".

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.

If you are a Developer, you must locate each of your Commercial Office Franchised Businesses in the Development Territory, and for each, you must propose the specific sites for our consideration, according to the process above. (Development Agreement, Section 2.1)

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

Prior to the opening of the Franchised Business, a maximum of 2 management level persons, one of whom must be you (or if you are a business entity, an owner) must attend and complete to our satisfaction, the initial training program, at a location designated by us. If you will employ a manager, that person, who must be approved by us, must also attend the training program. Generally, the site of classroom training will be our corporate offices in Miami, Florida. On the job, hands on agency training will take place at a training facility of our choice. You are responsible for all travel, lodging, and subsistence expenses of those persons attending training. Training is to be completed no later than 1 week before the opening of the Franchised Business. The total time spent in training will depend to a large degree on your aptitude. Our training program includes introduction to insurance, agency management, customer service, sales, human resources, operations and "hands on" service to customers. (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. You will be responsible for all travel and living expenses that you and each person incur for any additional training program.

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

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

The initial training program includes the following:

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 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.

Although the Commercial Office and Area Developers receive a protected territory, you do not receive an exclusive territory. 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.

Development Agreement

If you are a Developer, you will receive a Development Territory. The Development Territory will vary in size depending upon the number of Franchised Businesses you intend to develop, population density and demographics, and other factors. You will propose sites within the Development Territory to us for each Franchised Businesses and we will approve or disapprove them in accordance with our then current site standards. If you meet the minimum development schedule, comply with all other provisions described in the Development Agreement and comply with the provisions of each related Franchise Agreement, we will not establish or operate, or license others to establish or operate, an Estrella Insurance agency or substantially similar business in your Development Territory.

At the expiration of the Development Agreement, if you have complied with all of its terms and conditions, and if we determine that the Development Territory can support additional Estrella Insurance Agencies, we will, for one year after the expiration of the Development Agreement, give you a

right of first refusal to develop, own and operate any additional Estrella Insurance Agencies proposed for development inside of the Development 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 the name ***ESTRELLA INSURANCE***. This is the principal trademarks 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.

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		
PROVISION	**SECTION IN FRANCHISE OR OTHER 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

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE OR OTHER AGREEMENT**	**SUMMARY**
e. Termination by franchisor without cause	None	Not Applicable
f. Termination by franchisor with cause	Sections 11.1 and 11.2	You must be in default
g. "Cause" defined-- curable defaults	Section 11.1	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 11.2	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
i. Franchisee's obligations on termination/nonrenewal	Section 12.1	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

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE OR OTHER AGREEMENT**	**SUMMARY**
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 14.9	No modification, but Operations Manual and System subject to change
t. Integration/merger clause	Section 14.9	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 14.18	Florida (subject to state law)
w. Choice of law	Section 14.8	Florida law applies (subject to state law)

The Area Development Relationship

PROVISION	SECTION IN THE DEVELOPMENT AGREEMENT	SUMMARY
a. Term of the Development Rights	Section 5.1	The term expires on the last opening date on the development schedule.
b. Renewal or extension of the term	Section 5.2	You have no right to renew, but you do have a right of refusal to open additional franchises in the development territory during the year after the Development Agreement expires.
c. Requirements for you to renew or extend	None	Not Applicable
d. Termination by you	None	Not Applicable
e. Termination by us without cause	None	Not Applicable
f. Termination by us with cause	Section 8	We may terminate the Development Agreement only if you default.
g. "Cause" defined-defaults which can be cured	Section 8.2	You can avoid termination of the Development Agreement if you cure a default arising from your failure to comply with mandatory specifications in the Development Agreement within 30 days of receiving our notice of termination.

PROVISION	SECTION IN THE DEVELOPMENT AGREEMENT	SUMMARY
h. "Cause" defined-defaults which cannot be cured	Section 8.1	We have the right to terminate the Development Agreement without giving you an opportunity to cure if you: transfer of control of Development Agreement 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; or fail to comply with any other provision of the Development Agreement and do not correct within 30 days after written notice from us.
i. Your obligations on termination/non-renewal	Section 9	If the Development Agreement is terminated or not renewed, you must: stop using any trade secrets and other confidential information; pay all sums owed to us; and comply with the covenants not to compete and any other surviving provisions of the Development Agreement.
j. Assignment of contract by us	Section 7.1	There are no restrictions on our right to assign our interest in the Development Agreement.
k. "Transfer" by you-definition	Section 7.2	"Transfer" includes transfer of ownership in the Development Rights, the Development Agreement, or the developer entity.
l. Our approval of transfer by you	Section 7.2	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 7.2	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 Development Agreement; the transferee has obtained all necessary consents and approvals of third parties; and you or all of your equity owners

PROVISION	SECTION IN THE DEVELOPMENT AGREEMENT	SUMMARY
		have signed a non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement.
n. Our right of first refusal to acquire your Development Rights	Section 7.4	We may match an offer for your development rights or an ownership interest you propose to sell.
o. Our option to purchase your Development Rights	None	Not Applicable
p. Your death or disability	None	Not Applicable
q. Non-competition covenants during the term of the Development Agreement	None	Not Applicable
r. Non-competition covenants after the Development Agreement is terminated or expires	Section 9.4	The Development Agreement incorporates by reference the post-term non-competition covenants of the Franchise Agreement.
s. Modification of the agreement	Section 12.8	The Development Agreement can be modified only by written agreement between you and us.
t. Integration/merger clause	Sections 12.1 and 12.8	Only the terms of the Development Agreement are binding, although if there is a conflict between the Development Agreement and any Franchise Agreement, the terms of the Franchise Agreement control. Any other promises may not be enforceable. Nothing in the Development Agreement is intended to disclaim anything in the disclosure document.
u. Dispute resolution by arbitration or mediation	None	Except for certain claims, all disputes must be arbitrated in Florida (subject to state law).
v. Choice of forum	Section 13.1 and 13.3	Miami-Dade County, Florida, subject to state law.
w. Choice of law	Section 13.1	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 the Franchise Agreement which terminates the Franchise upon your bankruptcy may be unenforceable under Title 11, United States Code Section 101.

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 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. Unless otherwise expressly stated below, the outlets reported operate under solely the f *ESTRELLA INSURANCE* trademark. 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 independent certified public accountant.

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 2022, of the 155 Commercial Office franchised agencies open at least two years as of December 31, 2022, approximately **71% (approximately 110 outlets)** had annual sales in excess of $2,000,000; approximately **49% (approximately 76 outlets)** had annual sales in excess of $3,000,000; approximately **31% (approximately 48 outlets)** had annual sales volumes in excess of $4,000,000; approximately **15% (approximately 24 outlets)** had annual sales volumes in excess of $6,000,000; and approximately **9% (approximately 14 outlets)** had annual sales in excess of $8,000,000; and **5% (approximately 7 outlets)** had sales in excess of $11,000,000. Note: The percentages exceed 100% as the categories are cumulative.

In 2022, the median sales volumes of the Commercial Office franchised agencies open at least two years, was $3,573,008. The highest and lowest annual sales volumes in 2022 of agencies operated by franchisees were $15,634,960 and $278,181.

	HIGH	**LOW**	**MEDIAN**
SALES	**$ 11,949,330**	**$ 2,118,158**	**$ 3,573,008**
PREMIUMS	**$ 10,714,013**	**$ 1,892,812**	**$ 3,212,306**
TOTAL COMMISSIONS	**$ 1,235,317**	**$ 225,346**	**$ 360,702**
COMMISSIONS ADJUSTMENTS	**($21,366)**	**($3,433)**	**($7,578)**
NET COMMISSIONS	**$ 1,213,951**	**$ 221,913**	**$ 353,124**

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.

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
Commercial Office Franchised Business
For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year Estrella Insurance/800-Carinsurance	Outlets at the End of the Year Estrella Insurance/800-Carinsurance	Net Change Estrella Insurance/800-Carinsurance
Franchised				
	2020	152/0	165/0	+13/0
	2021	163/0	174/0	+11/0
	2022	171	186	+15
Company-Owned				
	2020	2/0	2/0	0/0
	2021	2/0	2/0	0
	2022	2	0	-2
Total Outlets				
	2020	154/0	167/0	+13/0
	2021	165/0	176/0	+11/0
	2022	173	186	+13

Table 2
Commercial Office Franchised Business
Transfers of Outlets from
Franchisees to New Owners (other than the Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers Estrella Insurance/800-Carinsurance
Arizona		
	2020	0/0
	2021	0/0
	2022	0/0
Florida		
	2020	2/0
	2021	15/0
	2022	4/0
California		
	2020	2
	2021	15
	2022	0

State	Year	Number of Transfers Estrella Insurance/800-Carinsurance
Colorado		
	2020	0
	2021	0
	2022	1/0
Texas		
	2020	0
	2021	
	2022	2/0
Total		
	2020	4
	2021	15
	2022	7/0

Table 3
Commercial Office Franchised Business
Status of Franchised Outlets
For Years 2020 to 2022

State	Year	Outlets at the Start of Year Estrella Insurance /800-Carinsurance	Outlets Opened Estrella Insurance /800-Carinsurance	Termination Estrella Insurance /800-Carinsurance	Non-Renewals Estrella Insurance /800-Carinsurance	Reacquired by Franchisor Estrella Insurance /800-Carinsurance	Ceased Operations - Other Reasons Estrella Insurance /800-Carinsurance	Outlets at End of the Year Estrella Insurance /800-Carinsurance
AZ								
	2020	12/0	0/0	0/0	0/0	0/0	0/0	12/0
	2021	12/0	0/0	0/0	0/0	0/0	0/0	12/0
	2022	12/0	0/0	0/0	0/0	0/0	1/0	11/0
CA								
	2020	4/0	1/0	0/0	0/0	0/0	0/0	5/0
	2021	5/0	0/0	1/0	0/0	0/0	0/0	4/0
	2022	4/0	0/0	0/0	0/0	0/0	2/0	2/0
CO								
	2020	0/0	0/0	0/0	0/0	0/0	0/0	0/0
	2021	0/0	1/0	0/0	0/0	0/0	0/0	1/0
	2022	1/0	1/0	0/0	0/0	0/0	0/0	2/0

State	Year	Outlets at the Start of Year Estrella Insurance /800-Carinsurance	Outlets Opened Estrella Insurance /800-Carinsurance	Termination Estrella Insurance /800-Carinsurance	Non-Renewals Estrella Insurance /800-Carinsurance	Reacquired by Franchisor Estrella Insurance /800-Carinsurance	Ceased Operations - Other Reasons Estrella Insurance /800-Carinsurance	Outlets at End of the Year Estrella Insurance /800-Carinsurance
FL								
	2020	**134/0**	**13/0**	**0/0**	**0/0**	**0/0**	**1/0**	**146/0**
	2021	**146/0**	**11/0**	**0/0**	**0/0**	**0/0**	**0/0**	**157/0**
	2022	**154/0**	**14/0**	**0/0**	**0/0**	**0/0**	**0/0**	**171/0**
OH								
	2020	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**
	2021	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**
	2022	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**
TX								
	2020	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**
	2021	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**
	2022	**0/0**	**3/0**	**0/0**	**0/0**	**0/0**	**0/0**	**3/0**
Total								
	2020	**150/0**	**14/0**	0/0	**0/0**	**0/0**	**1/0**	**160/0**
	2021	**160/0**	**12/0**	1/0	**0/0**	**0/0**	**0/0**	**171/0**
	2022	**171**	**18/0**	0/0	**0/0**	**0/0**	**3/0**	**189/0**

Table 4
Commercial Office Franchised Business
Status of Company-Owned Outlets
For years 2020 to 2022

State	Year	Outlets at the Start of Year Estrella Insurance /800-Carinsurance	Outlets Opened Estrella Insurance /800-Carinsurance	Outlets Reacquired From Franchisee Estrella Insurance /800-Carinsurance	Closed Outlets Estrella Insurance /800-Carinsurance	Outlets Sold to Franchisee Estrella Insurance /800-Carinsurance	Outlets at End of the Year Estrella Insurance /800-Carinsurance
AZ							
	2020	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**
	2021	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**
	2022	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**
CA							
	2020	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**
	2021	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**
	2022	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**	**0/0**
FL							

State	Year	Outlets at the Start of Year Estrella Insurance /800-Carinsurance	Outlets Opened Estrella Insurance /800-Carinsurance	Outlets Reacquired From Franchisee Estrella Insurance /800-Carinsurance	Closed Outlets Estrella Insurance /800-Carinsurance	Outlets Sold to Franchisee Estrella Insurance /800-Carinsurance	Outlets at End of the Year Estrella Insurance /800-Carinsurance
	2020	0/0	0/0	0/0	0/0	0/0	0/0
	2021	0/0	0/0	0/0	0/0	0/0	0/0
	2022	0/0	0/0	0/0	0/0	0/0	0/0
TX							
	2020	2/0	0/0	0/0	0/0	0/0	2/0
	2021	2/0	0/0	0/0	0/0	0/0	2/0
	2022	2/0	0/0	0/0	0/0	2/0	0/0
TOTAL	2019	0/0	2/0	0/0	0/0	0/0	2/0
	2020	2/0	0/0	0/0	0/0	0/0	2/0
	2021	2/0	0/0	0/0	0/0	0/0	2/0
	2022	2/0	0/0	0/0	0/0	2/0	0/0

Table 5
Commercial Office Franchised Business
Projected Openings
As of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened Estrella Insurance /800-Carinsurance	Projected New Franchised Outlet in the Next Fiscal Year Estrella Insurance /800-Carinsurance	Projected New Company-Owned Outlet in the Next Fiscal Year Estrella Insurance /800-Carinsurance
Arizona	0/0	0/0	0/0
California	1/0	1/0	0/0
Florida	21/0	47/0	0/0
New York	11/0	11/0	0/0
Texas	6/0	6/0	0/0
Total	39/0	65/0	0/0

Systemwide Outlet Summary
Home-Based

Table 1
Home-Based
For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year Estrella Insurance /800-Carinsurance	Outlets at the End of the Year Estrella Insurance /800-Carinsurance	Net Change Estrella Insurance /800-Carinsurance
Franchised				
	2020	0/0	1/0	+1/0
	2021	1/0	0/0	-1/0

	2022	**0/0**	**3/0**	**+3/0**
Company-Owned				
	2020	**0/0**	**0/0**	**0/0**
	2021	**0/0**	**0/0**	**0/0**
	2022	**0/0**	**0/0**	**0/0**
Total Outlets				
	2020	**0/0**	**1/0**	**+1/0**
	2021	**1/0**	**0/0**	**-1/0**
	2022	**0/0**	**3/0**	**+3/0**

Table 2
Home-Based
Transfers of Outlets from
Franchisees to New Owners (other than the Franchisor)
For Years 2020 to 2022

State	Year	Number of Transfers Estrella Insurance /800-Carinsurance
Arizona		
	2020	**0/0**
	2021	**0/0**
	2022	**0/0**
Florida		
	2020	**0/0**
	2021	**0/0**
	2022	**0/0**
California		
	2020	**0/0**
	2021	**0/0**
Total		
	2020	**0/0**
	2021	**0/0**
	2022	**0/0**

Table 3
Home-Based
Status of Franchised Outlets
For Years 2020 to 2022

State	Year	Outlets at the Start of Year Estrella Insurance /800-Carinsurance	Outlets Opened Estrella Insurance /800-Carinsurance	Termination Estrella Insurance /800-Carinsurance	Non-Renewals Estrella Insurance /800-Carinsurance	Reacquired by Franchisor Estrella Insurance /800-Carinsurance	Ceased Operations - Other Reasons Estrella Insurance /800-Carinsurance	Outlets at End of the Year Estrella Insurance /800-Carinsurance
AZ								
	2020	0/0	0/0	0/0	0/0	0/0	0/0	0/0
	2021	0/0	0/0	0/0	0/0	0/0	0/0	0/0
	2022	0/0	0/0	0/0	0/0	0/0	0/0	0/0
CA								
	2020	0/0	0/0	0/0	0/0	0/0	0/0	0/0
	2021	0/0	0/0	0/0	0/0	0/0	0/0	0/0
	2022	0/0	0/0	0/0	0/0	0/0	0/0	0/0
FL								
	2020	0/0	0/0	0/0	0/0	0/0	0/0	0/0
	2021	0/0	0/0	0/0	0/0	0/0	0/0	0/0
	2022	0/0	3/0	0/0	0/0	0/0	0/0	3/0
OH								
	2020	0/0	0/0	0/0	0/0	0/0	0/0	0/0
	2021	0/0	0/0	0/0	0/0	0/0	0/0	0/0
	2022	0/0	0/0	0/0	0/0	0/0	0/0	0/0
Total								
	2020	0/0	0/0	0/0	0/0	0/0	0/0	0/0
	2021	0/0	0/0	0/0	0/0	0/0	0/0	0/0
	2022	0/0	3/0	0/0	0/0	0/0	0/0	3/0

Table 4
Home-Based
Status of Company-Owned Outlets
For years 2020 to 2022

State	Year	Outlets at the Start of Year Estrella Insurance /800-Carinsurance	Outlets Opened Estrella Insurance /800-Carinsurance	Outlets Reacquired From Franchisee Estrella Insurance /800-Carinsurance	Closed Outlets Estrella Insurance /800-Carinsurance	Outlets Sold to Franchisee Estrella Insurance /800-Carinsurance	Outlets at End of the Year Estrella Insurance /800-Carinsurance
AZ							
	2020	0/0	0/0	0/0	0/0	0/0	0/0
	2021	0/0	0/0	0/0	0/0	0/0	0/0
	2022	0/0	0/0	0/0	0/0	0/0	0/0
CA							
	2020	0/0	0/0	0/0	0/0	0/0	0/0
	2021	0/0	0/0	0/0	0/0	0/0	0/0
	2022	0/0	0/0	0/0	0/0	0/0	0/0
FL							
	2020	0/0	0/0	0/0	0/0	0/0	0/0
	2021	0/0	0/0	0/0	0/0	0/0	0/0
	2022	0/0	0/0	0/0	0/0	0/0	0/0
TOTAL							
	2020	0/0	0/0	0/0	0/0	0/0	0/0
	2021	0/0	0/0	0/0	0/0	0/0	0/0
	2022	0/0	0/0	0/0	0/0	0/0	0/0

Table 5
Home-Based
Projected Openings
As of December 31, 2022

State	Franchise Agreements Signed But Outlet Not Opened Estrella Insurance /800-Carinsurance	Projected New Franchised Outlet in the Next Fiscal Year Estrella Insurance /800-Carinsurance	Projected New Company-Owned Outlet in the Next Fiscal Year Estrella Insurance /800-Carinsurance
Arizona	0/0	0/0	0/0
California	0/0	0/0	0/0
Florida	0/0	0/0	0/0
Total	0/0	0/0	0/0

Exhibit “D” lists the names of all operating franchisees and their addresses and telephone numbers as of December 31, 2022. Exhibit “E” lists the franchisees who have signed Franchise Agreements for insurance agencies which were not yet operational as of December 31, 2022. Exhibit “F” lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone

number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a 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. There are 8 former franchisees listed in Exhibit "F". 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.

Our Predecessor created the Estrella Franchising National Advisory Council: 1801 SW 3rd Avenue, Miami, Florida 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, 2022, December 31, 2021, and December 31, 2020, as well as interim unaudited statements as required by certain states.

ITEM 22. CONTRACTS

Attached an Exhibit is a copy of the following agreement 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 "B-1" – Area Development Agreement, with Exhibits attached:

Schedule 1 - Development Territory

Exhibit "A" Development Schedule

Exhibit "B" Guaranty and Assumption of Obligations

Exhibit "C" Developer Information

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 2101 Arena Blvd. Sacramento, California 95834 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	**VIRGINIA (continued)** Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (Agent for Service of Process)
Department of the Attorney General Consumer Protection Division - Attn: Franchise 670 Law Building Lansing, Michigan 48913 (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 Company 1201 Hays Street Tallahassee, Florida 32301

Exhibit "B"

Franchise Agreement

ESTRELLA INSURANCE

FRANCHISE AGREEMENT

ESTRELLA INSURANCE
FRANCHISE AGREEMENT

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ADDENDUM

Location Designation and Description of Territory

EXHIBITS

Exhibit "A" – Rider to Lease
Exhibit "B" – Assignment of Franchise and Guaranty
Exhibit "C" – Guaranty and Assumption of Obligations
Exhibit "D" – Security Agreement including UCC-1
Exhibit "E" – Confidentiality, Non-Disclosure, Non-Competition Agreement

APPENDIX

Appendix 1 - Form of Promissory Note and Guaranty

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***," 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"); FRANCHISEE has chosen the applicable model that FRANCHISOR offers, under the Trademarks, including one of the following brands that FRANCHISEE selects (the "Selected Trademark"): ***ESTRELLA INSURANCE*** or ***800-CARINSURANCE***, which selection is set forth adjacent to the parties' signatures to this Agreement.

(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 you select **ESTRELLA INSURANCE** or **800-CARINSURANCE** (the "Selected Trademark"), 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"). Regardless of the Selected Mark you choose, you 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 Selected 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 Selected 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 ESTRELLA or *800-CARINSURANCE* names, 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 Fee for a Commercial Office Franchised Business is payable: $15,000 upon FRANCHISEE'S execution of this Agreement; and $10,000 prior to the commencement of initial pre-opening training. 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"). The Initial Fee for a Home-Based Franchised Business is payable: $7,500 upon FRANCHISEE'S execution of this Agreement; and $2,500 prior to the commencement of initial pre-opening training.

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***" or "***800-CARINSURANCE"***, 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, including the names "***ESTRELLA***" or "***800-CARINSURANCE***,"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***" or "***800-CARINSURANCE***." 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*** and ***800-CARINSURANCE*** 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", "800-CARINSURANCE," 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.

The Selected Trademark is: _____

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

FRANCHISOR:	**FRANCHISEE:**
ESTRELLA FRANCHISING, LLC, a Florida corporation	
By: _____ ***Signature***	By: _____ ***Signature***
Print Name: _____	***Print Name:*** _____
Its: _____	
	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*** or ***800-CARINSURANCE*** 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 "B-1"

Area Development Agreement

ESTRELLA INSURANCE

AREA DEVELOPMENT AGREEMENT

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AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is made this _____ day of _____, 20____ and is by and between ESTRELLA FRANCHISING, LLC, a Florida limited liability company, having its principal place of business at 1801 SW 3rd Avenue, Miami, Florida 33129 ("Franchisor"), and _____ ("Developer").

W I T N E S S E T H :

WHEREAS, Developer desires to, and has applied for the right to, develop Commercial Office Estrella Insurance agencies ("Agencies") within the Development Territory[1] and has applied for such a right, and Franchisor has approved Developer's application in reliance upon all of the representations made herein and therein. Franchisor gives you the right to operate the Franchised Business under the name and service mark you select **ESTRELLA INSURANCE** or **800-CARINSURANCE** (the "Selected Trademark"), and other trademarks, service marks, trade names, logotypes, designs, insignia and symbols designated by us from time to time (all referred to as the "Proprietary Marks"). You must operate in accordance with the standards and procedures designated by us (the "System").

NOW, THEREFORE, Franchisor and Developer, intending to be legally bound, agree as follows:

1. DEFINITIONS

Whenever used in this Development Agreement, the following words and terms have the following meanings:

"Commercial Office Estrella Insurance Agency ("Agencies")" means an insurance agency business operated pursuant to a Franchise Agreement with Franchisor, its successors or assigns;

"Competitive Business" means any insurance agency business, or any other business that provides the same or similar services customarily offered under the System;

"Developer" means the individual or entity defined as "Developer" in the introductory paragraph of this Development Agreement;

"Development Agreement" means this Development Agreement and all instruments supplemental hereto or in amendment or confirmation hereof;

"Development Fee" has the meaning given to such term in Section 3.

"Development Rights" means the rights granted to Developer pursuant to this

1 Capitalized terms not defined in Section 1 or in the text of this Development Agreement are defined in the Initial Franchise Agreement.

Development Agreement to establish and operate Agencies in the Development Territory;

"Development Schedule" means the schedule attached as Exhibit A setting forth the number and the Opening Dates of Agencies to be established pursuant to this Development Agreement;

"Development Territory" has the meaning given to such term in Section 2;

"Franchise Agreement" means the then-currently used form of the **ESTRELLA INSURANCE** or **800-CARINSURANCE** Franchise Agreement that Franchisor is offering;

"Initial Franchise Agreement" means that certain Franchise Agreement whereby Developer is granted the right to operate its first Agency; and

"Opening Date" means any date by which Developer is required to begin operations for each Agency, as listed in the Development Schedule.

2. DEVELOPMENT RIGHTS

2.1 Grant of Development Rights

Franchisor hereby grants to Developer, and Developer undertakes and accepts, upon the terms and conditions of this Development Agreement, the Development Rights to establish and operate Agencies within the Development Territory described in Schedule 1, according to the Development Schedule:

2.2 Retained Rights

Franchisor shall not, so long as this Development Agreement is in force and effect and Developer is not in default under any of the terms hereof or of any Franchise Agreement for any Agency, establish, own or operate, or license others to establish, own or operate, any Agency within the Development Territory other than to Developer pursuant to this Development Agreement; provided, however, Franchisor and its Affiliates retain the right:

2.2.1 to continue to own and operate, and allow others to continue to own and operate, Agencies existing inside of the Development Territory as of the date of this Development Agreement;

2.2.2 to establish, or grant to others the right to establish, Agencies outside of the Development Territory;

2.2.3 to establish and operate, and license others to establish and operate, businesses under other systems using other proprietary marks, both within and outside the Development Territory;

2.2.4 to purchase or otherwise acquire the assets or controlling ownership of one or more Competitive Businesses, or any business similar to the Franchised Business (and/or acquire other franchisors or licensors of Competitive Businesses), some or all of which may be located anywhere, including within the Development 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 Development Territory which are not franchised or licensed, Franchisor may, in its sole discretion:

2.2.4.1 offer to sell any or all of such businesses to Developer or to any third party at the business's fair market value to be operated as an Agency; or

2.2.4.2 offer Developer the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the existing business(s) existing trade name or a different trade name.

2.2.5 to be acquired (regardless of the form of transaction) by any person or entity, even if such person or entity operates Competitive Businesses, or franchises and/or licenses Competitive Businesses within the Development Territory; and

2.2.6 to engage in any activities not expressly forbidden by this Development Agreement.

3. DEVELOPMENT FEE

3.1 Franchise Fees

Simultaneously with the execution of this Development Agreement, Developer shall execute the Initial Franchise Agreement and shall pay a Franchise Fee of Twenty-Five Thousand Dollars ($25,000) for the first Agency to be developed pursuant to this Development Agreement. Developer shall execute a separate Franchise Agreement for each additional Agency to be developed and shall pay a Franchise Fee of Twenty Thousand Dollars ($20,000) for the first additional Agency and Sixteen Thousand Dollars ($16,000), for all Agencies thereafter. Developer shall be required either to execute each Franchise Agreement in its own name or own a minimum of fifty-one percent (51%) of the issued and outstanding ownership interests for any entity that owns each Agency to be opened pursuant to a Franchise Agreement. In no event shall Developer relinquish control over any entity operating each Agency.

3.2 Development Fee

Upon the execution of this Development Agreement, Developer shall pay Franchisor a fee ("Development Fee") equal to the Franchise Fee for the first Agency plus an amount that is the product of Ten Thousand Dollars ($10,000) multiplied by the number of Agencies to be developed after the first Agency pursuant to this Development Agreement. The

total amount of the Development Fee to be paid by Developer upon the execution of this Development Agreement is _____ Dollars ($_____). The Development Fee is fully earned by Franchisor and is nonrefundable upon Franchisor executing this Development Agreement. Franchisor shall credit Ten Thousand Dollars ($10,000) of the Development Fee after deducting the Franchise Fee for the first Agency against the Franchise Fee for each Agency opened pursuant to, and in accordance with, this Development Agreement, such that the balance due on the Franchise Fee for the first Agency after the first Agency included in the calculation of the Development Fee shall be Ten Thousand Dollars ($10,000) and Six Thousand Dollars ($6,000) for all Agencies thereafter, and said respective balance shall be paid by Developer to Franchisor upon Developer's execution of each Franchise Agreement.

4. DEVELOPMENT OF FRANCHISED STORES

4.1 Minimum Development Obligation

Developer shall strictly follow the Development Schedule set forth in Exhibit A. Time is of the essence. By the dates set forth within the Development Schedule, Developer shall establish and operate Agencies in the number indicated in the Development Schedule. Developer shall at all times continuously maintain in operation, pursuant to each Franchise Agreement, at least the number of Agencies required to be operational at such time as set forth in the Development Schedule.

4.2 Developer May Exceed Minimum Development Obligation

During the term of this Development Agreement, Developer may, subject to the terms and conditions of this Development Agreement, develop and operate more Agencies in the Development Territory than required by this Development Agreement; provided, however, that Developer shall give Franchisor reasonable assurances that Developer has the required skill, financial resources and managerial skills to perform its duties under this Development Agreement and each Franchise Agreement. Developer shall pay the full Franchise Fee for each additional Agency developed in excess of the requirements of this Development Agreement, and Franchisor shall not credit any part of the Development Fee against the Franchise Fee for any additional Agency.

4.3 Development Procedures

Developer shall submit a site package for each proposed site for a Agency. The site package shall contain such data as may reasonably be required by Franchisor to evaluate the site and shall include a pro forma statement and capitalization plan for the proposed Agency. Franchisor shall notify Developer within thirty (30) business days after receipt of the site package whether the proposed site is approved or disapproved. Site approval or disapproval shall be at the sole discretion of Franchisor and shall be in writing, signed by an officer of Franchisor. Franchisor's approval of a site does not mean that the site will be profitable, successful or generate any level of income. Developer is cautioned not to make any binding commitments for a site until receiving Franchiser's written approval. Promptly after approval of any site,

Franchisor shall transmit to Developer, a franchise disclosure document ("FDD") and two (2) execution copies of the then current Franchise Agreement pertaining to the approved site, the terms of which may differ from previous Franchise Agreements executed by Developer, except for the Franchise Fee, Royalty Fee and Marketing Fund Contribution. Immediately upon receipt of the FDD, Developer shall return to Franchisor a signed copy of the Receipt for the FDD. Within ten (10) days after the passage of any applicable disclosure period, Developer shall execute and deliver to Franchisor, the two (2) copies of the Franchise Agreement and the balance of the Franchise Fee required pursuant to the Development Agreement. Franchiser shall promptly, upon receipt of the documents and the balance of the Franchise Fee, execute and return to Developer one (1) copy of the Franchise Agreement. Developer shall then procure the site by purchase or lease and commence construction and operation of the Agency pursuant to the terms of the Franchise Agreement. Notwithstanding the foregoing, if Franchisor is not legally able to deliver an FDD to Developer by reason of any lapse or expiration of its franchise registration, or because Franchisor is in the process of amending any such registration, or for any reason beyond Franchisor's reasonable control, Franchiser may delay approval of the site for Developer's proposed Agency until such time as Franchisor is legally able to deliver an FDD. If Developer fails to execute and return the Franchise Agreement with the respective payment within the ten (10) day period specified above, Franchisor shall have the right to revoke its offer to grant to Developer a franchise to operate an Agency at the proposed site and to withdraw its approval of the proposed site.

4.4 Copy of Lease

If the site is leased, Developer shall furnish Franchisor with a fully executed copy of the lease or sub-lease within thirty (30) days of the approval of site, including all other instruments as required by the Franchise Agreement applicable to the approved site. It shall be a condition precedent to Franchisor's obligations under this Agreement and the Franchise Agreements, that Developer shall have performed all of Developer's obligations under and pursuant to all agreements between Developer and Franchisor.

4.5 Conditions Precedent to Franchisor's Obligation

Franchisor shall not execute the Franchise Agreement if: (a) Developer is not in compliance with all, or is in default of any, of its obligations under this Development Agreement or any other agreement between Franchisor and Developer; or (b) in the case of each then existing Franchise Agreement, Developer, as Franchisee, is not in compliance with all, or is in default of any, of its obligations under any Franchise Agreement. Franchisor and Developer shall execute the Franchise Agreement for each additional Agency before the date stated in the Development Schedule that such Agency must be established and operating.

4.6 No Sub-franchising by Developer

Developer has no right under this Development Agreement to license or sub-franchise others to use the Trademarks or System.

5. TERM

Unless sooner terminated in accordance with the terms of this Development Agreement, the term of this Development Agreement and all Development Rights granted hereunder to Developer shall expire on the last Opening Date as set forth in the Development Schedule. At the end of the term of this Development Agreement, the exclusive Development Rights with respect to the Development Territory will automatically terminate, and Developer shall have no right to renew or extend the term of this Development Agreement.

6. TRADEMARKS AND CONFIDENTIAL INFORMATION

6.1 No License Under Development Agreement

Notwithstanding any provision to the contrary under this Development Agreement, this Development Agreement does not grant Developer any right to use the Trademarks. The right to use the Trademarks may only be granted by the terms of a Franchise Agreement. Developer shall not use any Trademark as part of any corporate entity or trade name or with any prefix, suffix, or other modifying words, terms designs, or symbols, or in any modifying words, terms designs or symbols, or in any modified form, nor may Developer use any Trademarks in connection with any business or activity other than the business conducted by Developer pursuant to a Franchise Agreements or in any other manner not explicitly authorized in writing by Franchisor.

6.2 Confidential Information

Except as hereinafter provided, Developer shall not, during the term of this Development Agreement or at any time thereafter, communicate, divulge or use for the benefit of any other person or entity, any Confidential Information which may be communicated to Developer or of which Developer may learn by virtue of Developer's activities under this Development Agreement. Developer may divulge Confidential Information only to such of its employees as deemed necessary by Developer. At Franchisor's request, Developer shall require its employees and any other person to whom Developer wishes to disclose any Confidential Information to execute a nondisclosure agreement in a form the same as or similar to the Confidentiality, Non-Disclosure and Non-Competition Agreement attached to the Initial Franchise Agreement.

7. TRANSFERABILITY OF INTEREST

7.1 By Franchisor

This Development Agreement and all rights hereunder may be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall have no liability for the

performance of any obligations contained in this Development Agreement after the effective date of such transfer or assignment.

7.2 By Developer

7.2.1 The Development Rights set forth in this Development Agreement are personal to Developer and are granted in reliance upon the personal qualifications of Developer. Developer has represented, and hereby represents, that it is entering into this Development Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder.

7.2.2 Developer, without Franchisor's prior written consent, by operation of law or otherwise, shall not sell, assign, transfer, convey, give away or encumber any part of its interest in this Development Agreement, its interest in the Development Rights granted hereby or its interest in any entity that owns any interest in such rights, and shall not offer, permit or suffer the same to be sold, assigned, transferred, conveyed, given away or encumbered in any way. Developer shall not, without the prior written consent of Franchisor, fractionalize any of the Development Rights granted pursuant to this Development Agreement. Any purported assignment of any of Developer's rights herein not having Franchisor's express consent shall be null and void and shall constitute a material default of this Development Agreement.

7.2.3 So long as Developer is in full compliance with this Development Agreement, and should Franchisor not elect to exercise its right of refusal as provided in Section 7.4, Franchisor shall not unreasonably withhold its approval of an assignment or transfer to proposed assignees or transferees if:

7.2.3.1 Developer has complied with the requirements of Section 4.1;

7.2.3.2 all obligations owed to Franchisor by Developer are fully paid and satisfied;

7.2.3.3 Developer (and any transferring owners, if Developer is a business entity) has executed a general release, in a form acceptable to Franchisor, of any and all claims against Franchisor, including its equity owners, officers, directors and employees, in their corporate and individual capacities including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Development Agreement or to the transfer of Developer's interest herein or to the transfer of Developer's ownership of all or any part of the Development Rights; provided, however, that if a general release is prohibited, Developer shall give the maximum release allowed by law;

7.2.3.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate its ability to carry out the obligations contained herein and in the Franchise Agreement;

7.2.3.5 Developer has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Developer and the prospective transferee relating to the intended sale or transfer of the Development Rights;

7.2.3.6 Developer, or the transferee, has paid to Franchisor a transfer fee in the amount of Ten Thousand Dollars ($10,000); and

7.2.3.7 the transferee, or all owners of the transferee, has agreed to be personally bound jointly and severally by all provisions of this Development Agreement for the remainder of its term;

7.3 Public or Private Offerings

If Developer desires to make either a public or a private offering of its securities, prior to such offering and sale and prior to the public release of any statements, data or other information of any kind relating to the proposed offering of Developer's securities, Developer shall secure the written approval of Franchisor, which approval shall not be unreasonably withheld. Developer shall secure Franchisor's prior written approval of any and all press releases, news releases and any and all other publicity, the primary purpose of which is in the public interest in its offering. Only to the extent that written approval has been given by Franchisor may Developer proceed to file, publish, issue and release and make public any data, material or information regarding its securities offering. Any review by Franchisor is solely for its own information, and its approval shall not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either express or implied; and Developer shall make no oral or written notice of any kind whatsoever indicating or implying that Franchisor or related corporations or persons have any interest in or relationship whatsoever to the proposed offering other than acting as Franchisor. Developer shall indemnify and hold harmless Franchisor and its subsidiaries, and their owners, directors, officers, employees, successors and assigns, from all claims, demands, costs, fees, charges, liabilities or expenses (including attorneys' fees) of any kind whatsoever arising from Developer's offering or information published or communicated and any actions taken with regard thereto.

7.4 Franchisor's Right of First Refusal

If Developer or its owners shall at any time determine to sell the Development Rights under this Development Agreement or any of their respective ownership interests in Developer, or any of Developer's assets (except in the ordinary course of business), Developer or its owners shall obtain a *bona fide*, executed written offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to Franchisor, and Franchisor shall, for a period of thirty (30) days from the date of delivery of such offer, have the right, exercisable by written notice to Developer, to purchase such interests for the price and on the terms and conditions contained in such offer; provided, however, that Franchisor may substitute cash for any form of payment proposed in such offer and that Franchisor shall have not less than sixty (60) days from the date of delivery of its written notice of intent to purchase to complete such purchase. If Franchisor does not exercise this right of first refusal, Developer may complete the sale of such

interest, subject to Section 7.2. If such sale is not completed within one hundred and twenty (120) days after delivery of such offer to Franchisor, Franchisor shall again have the right of first refusal provided herein.

8. DEFAULT AND TERMINATION

8.1 Termination Without Opportunity to Cure

Franchisor has the right to immediately terminate this Development Agreement by delivering a written notice to Developer stating that Franchisor elects to terminate this Development Agreement as a result of any of the breaches set forth below:

8.1.1 Developer makes or attempts to make an unauthorized assignment or transfer of this Development Agreement or an ownership interest in Developer;

8.1.2 Developer has made any material misrepresentation or omission in its application for the Development Rights conferred by this Development Agreement;

8.1.3 Developer is convicted of or pleads no contest to a felony or other crime or offense that may adversely affect the goodwill associated with the Trademarks;

8.1.4 Developer makes any unauthorized use of the Trademarks or unauthorized use or disclosure of the Confidential Information;

8.1.5 Franchisor has delivered a notice of termination for a Franchise Agreement between Franchisor and Developer in accordance with its terms and conditions, or Developer has terminated a Franchise Agreement without cause;

8.1.6 Developer fails to develop and operate the minimum number of Agencies as required under Exhibit A, unless Developer pays to Franchisor, as liquidated damages and not as a penalty, by the 30th day after the date Developer failed to satisfy the Development Schedule, in the amount of Two Thousand Dollars ($2,000) per Agency on or before the first day of each month commencing with the second month after the date Developer failed to satisfy the Development Schedule and continuing while the Development Schedule remains unsatisfied. If Developer fails to timely make any liquidated damage payment or fails to satisfy the Development Schedule in any two (2) consecutive Development Periods, Franchisor may terminate this Agreement. This clause will not be in effect if Developer has a Agency under development with an expected opening date within ninety (90) days of date given in Exhibit A; and

8.1.7 In the event that: (i) Developer shall become insolvent, shall admit inability to meet Developer's financial obligations as they become due, or shall enter into liquidation (either compulsory or voluntary); (ii) Developer 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 Developer or a receiver is appointed

in respect of all or a part of Developer's assets; or (iv) Developer allows or permits any judgment to be entered against Franchisee and/or Franchisor, or any parent, subsidiary or affiliated corporations, arising out of or relating to the operation of the Developer.

8.2 Termination With Opportunity to Cure

If Developer fails to comply with any other provision of this Development Agreement, Franchisor may terminate this Development Agreement by delivering notice of termination to Developer stating the reason for termination, provided that Developer shall have the right to cure a breach within thirty (30) days after delivery of Franchisor's notice of termination.

8.3 USA Patriot Act

Developer hereby represents, warrants, and certifies to Franchisor that neither Developer nor any of Developer's directors, officers, shareholders, partners, members, employees, or agents, nor any of Developer's affiliates or directors, officers, shareholders, partners, members, employees, or agents, nor any other direct or indirect interest holders of any of the preceding: (a) are or have been listed on any Government Lists (as defined below); (b) are or have been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001), or any other similar prohibitions contained in the rules and regulations of OFAC (as defined below) or in any enabling legislation or other Presidential Executive Orders in respect thereof; (c) have been indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any offenses under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA Patriot Act"); (d) are or have been under investigation by any Governmental Authority (as defined below) for alleged criminal activity; or (e) have or have had a reputation in the community for criminal or unethical behavior. As used in this Section, the following definitions apply: (a) "Government Lists" means any of the following lists: (i) the "Specially Designated Nationals and Blocked Persons List" maintained by OFAC; (ii) any other list of terrorists, terrorist organizations, or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC; or (iii) any similar list maintained by the United States Department of State, the United States Department of Commerce, or any other Governmental Authority, or pursuant to any Executive Order of the President of the United States of America. (b) "OFAC" means the Office of Foreign Assets Control, United States Department of the Treasury, or any other office, agency, or department that succeeds to the duties of OFAC. (c) "Governmental Authority" means all federal, state, national, territorial, county, local, foreign, or other governmental or regulatory agencies, authorities (including self-regulatory authorities), instrumentalities, commissions, boards, and bodies.

9. RIGHTS AND DUTIES ON TERMINATION OR EXPIRATION

9.1 Loss of Development Rights

Upon termination of this Development Agreement, the Development Rights

granted to Developer under this Development Agreement shall automatically terminate. Developer shall have no additional rights to establish or operate any Agency for which a Franchise Agreement has not been executed by Franchisor and Developer. No default under this Development Agreement shall constitute a default under any Franchise Agreement between the parties, except to the extent that any default under this Development Agreement constitutes a default under any Franchise Agreement in accordance with the terms of the Franchise Agreement. Notwithstanding the above, the terms and conditions of each Franchise Agreement must be complied with by the Developer thereunder and shall control in determining whether any default exists under such Franchise Agreement.

9.2 Amounts Owed to Franchisor

Developer shall immediately pay to Franchisor upon termination or expiration of the Development Agreement any amounts owed by Developer to Franchisor that are then unpaid, plus any interest due.

9.3 Confidential Information

Upon termination or expiration of this Development Agreement, Developer and all of its employees, agents or other representatives shall immediately cease to use and will maintain the absolute confidentiality of any Confidential Information disclosed or otherwise learned or acquired by Developer and shall not use such Confidential Information in any other business or venture.

9.4 Covenant Not to Compete

During the term and after the termination of this Development Agreement, Developer and any owner of a five percent (5%) or greater interest in Developer shall be subject to all of the restrictive covenants set forth in Section 10.2(a) of the Initial Franchise Agreement, which covenants by this reference are incorporated herein.

9.5 Continuing Obligations

All obligations of Franchisor and Developer under this Development Agreement that expressly or by their nature survive the expiration or termination of this Development Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Development Agreement and until they are satisfied in full or by their nature expire.

10. OWNERS OF DEVELOPER

If Developer is a business entity, then each of the individual owners of Developer shall be identified in Exhibit C and Developer represents, and Franchisor enters into this Development Agreement in reliance upon such representation, that such individuals identified in Exhibit C are the sole owners (in the stated proportions) of Developer.

11. RELATIONSHIP AND INDEMNIFICATION

11.1 Relationship

This Development Agreement is a contractual relationship between the parties and does not appoint or make Developer an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Developer may not represent or imply to third parties that Developer is an agent of Franchisor, and Developer is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Developer. In no event shall this Development Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Developer. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the development of any Agency pursuant to this Development Agreement. Any third-party contractors and vendors retained by Developer remodeling or construction are independent contractors of Developer alone.

11.2 Indemnification

Developer shall hold harmless and indemnify Franchisor, its Affiliates, all owners of Franchisor and its Affiliates, and all of Franchisor's and its Affiliates' officers, directors, executives, managers, employees, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, that arise from, are based upon or are related to Developer's (a) development, ownership or operation of any Agency; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Development Agreement or any other agreement between Developer and Franchisor (or any of its Affiliates); (d) defamation of Franchisor or the System; (e) acts, errors or omissions by Developer or any of its officers, directors, employees or agents, committed or incurred in connection with the development of Agencies, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Trademark, patent or copyright or any misuse of the Confidential Information. Franchisor's right to indemnity hereunder shall exist notwithstanding that joint or several liability may be imposed upon Franchisor by statute, ordinance, regulation or judicial decision.

12. GENERAL CONDITIONS AND PROVISIONS

12.1 Superiority of Franchise Agreement

For each Agency developed by Developer in the Development Territory, a separate Franchise Agreement shall be executed and the individual franchise fee as prescribed by Franchisor shall be paid to Franchisor. Developer acknowledges that any and all Franchise

Agreements executed in connection with an individual Agency within the Development Territory are independent of this Development Agreement. The continued existence of any such Franchise Agreement shall not depend on the continuing existence of this Development Agreement. If any conflict shall arise in connection with this Development Agreement and any such Franchise Agreement, the latter shall have precedence and superiority over the former.

12.2 No Waiver

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Development Agreement. Waiver by Franchisor of any particular default by Developer shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Development Agreement.

12.3 Injunctive Relief

As any breach by Developer of any of the restrictions contained in Sections 10.1 and 10.2 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, without having to post bond.

12.4 Notices

All notices required or permitted under this Development Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system when accompanied by system-generated confirmation of successful transmission; (c) on the next business day after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Developer at the address listed on page one (1) of this Development Agreement, or such other address as Developer may designate in writing to Franchisor. All notices, payments and reports required by this Development Agreement shall be sent to Franchisor at the following address unless and until a different address has been designated in writing to Developer:

ESTRELLA Franchising, LLC
1801 SW 3rd Avenue
Miami, Florida 33129

And notices shall be sent to Developer, until a different address is designated in writing by Developer at:

_____
_____
_____

12.5 Cost of Enforcement or Defense

If Franchisor or Developer is required to enforce this Development Agreement in a judicial proceeding, the prevailing party shall be entitled to reimbursement of all of its costs and expenses incurred including, without limitation, reasonable accounting and attorneys' fees and related fees and costs, in connection with such proceeding. If Franchisor incurs costs and expenses due to Developer's failure to pay when due amounts owed to Franchisor or its Affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Development Agreement, Developer agrees, whether or not Franchisor initiates a formal legal proceeding, to reimburse Franchisor for all of the costs and expenses that Franchisor incurs including, without limitation, reasonable accounting, attorneys' and related fees and costs.

12.6 Guaranty and Assumption of Obligations

Any person having an ownership interest of Developer of five percent (5%) or greater shall be required to execute the Guaranty and Assumption of Obligations attached as Exhibit B, through which such owners agree to assume and discharge all of Developer's obligations under this Development Agreement and to be personally liable hereunder for all of the same.

12.7 Approvals

Whenever this Development Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor therefore and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Developer in connection with this Development Agreement, or by reason of any neglect, delay or denial of any request therefore.

12.8 Entire Agreement

This Development Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Developer concerning the subject matter hereof, and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Developer to execute this Development Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties that are of any force or effect with respect to the matters set forth in or contemplated by this Development Agreement or otherwise. Nothing in this or any related agreement is intended to disclaim the representations in the franchise disclosure document delivered by Franchisor to Developer. No amendment, change or variance from this Development Agreement shall be binding on either party unless executed in writing by both parties.

12.9 Severability and Modification

12.9.1 Except as noted below, each paragraph, part, term and provision of this Development Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Development Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Development Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Development Agreement, Franchisor has the right to, at its option, terminate this Development Agreement.

12.9.2 Notwithstanding the above, each of the covenants contained in Sections 6.2 and 9.4 shall be construed as independent of any other covenant or provision of this Development Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent permitted by law.

12.10 Construction

All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

12.11 Force Majeure

Whenever a period of time is provided in this Development Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorist acts, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay.

This clause shall not result in an extension of the term of this Development Agreement.

12.12 Timing

Time is of the essence; failure to perform any act within the time required or permitted by this Development Agreement shall be a material breach.

12.13 Further Assurances

Each party to this Development Agreement shall execute and deliver such further instruments, contracts, forms or other documents, and shall perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Development Agreement.

12.14 Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Development Agreement is intended, nor shall be deemed, to confer any rights or benefits upon any person or legal entity other than Franchisor or Developer, and their respective successors and assigns.

12.15 Multiple Originals

Both parties shall execute multiple copies of this Development Agreement and each executed copy shall be deemed an original. Facsimile and electronic signatures shall be as valid as and deemed to be original.

13. DISPUTE RESOLUTION

13.1 Procedures

13.1.1 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 panel of three (3) arbitrators in accordance with the Commercial Rules of Arbitration of the American Arbitration Association then in effect, same to be conducted in Miami-Dade County, Florida. 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. 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 and if the court compels compliance, shall

be entitled to any award of attorneys' fees and costs incurred in obtaining the court order. The prevailing party shall be entitled to recover its attorneys' fees and costs in any such proceeding. To the fullest extent permitted by law, Franchisee/Developer 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.

13.1.2 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.

13.1.3 Judgment upon an arbitration award may be entered in any court having competent jurisdiction and shall be binding, final and non-appealable. Developer and Franchisor (and their respective 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.

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

13.1.5 Prior to any arbitration proceeding taking place, Developer 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.

13.1.6 The obligation herein to arbitrate or mediate shall not be binding upon either party with respect to claims relating to: monies owed by Developer to Franchisor or an affiliate; the Trademarks; any lease or sublease of real property between the parties or their affiliated entities; or requests 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.

DEVELOPER EXPRESSLY ACKNOWLEDGES THAT DEVELOPER 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.

13.2 Choice of Law

Except to the extent this Development Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Development Agreement shall be governed by and construed in accordance with the laws of the State of Florida (without reference to its conflict of laws principles). References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

13.3 Consent to Jurisdiction

Any action not subject to Arbitration, brought by either party, shall be brought in the appropriate state or federal court located in or serving Miami-Dade County, Florida. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested, or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Developer is located.

13.4 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Developer by this Development Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

13.5 Limitations of Claims

Any claim concerning this Development Agreement or any related agreement shall be barred unless an action for that claim is commenced within one (1) year from the date on which Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim. Notwithstanding the above, Franchisor's claims attributable to failure to pay monies owed and/or indemnification shall be subject to applicable state or federal statutes of limitation.

13.6 Limitation of Damages

Developer and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, and agree that if there is a dispute with the other, each shall be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 12.5. Developer waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Development Agreement or any related agreement. In any claim or action

brought by Developer against Franchisor concerning this Development Agreement, Developer's contract damages shall not exceed and shall be limited to refund of Developer's Development Fee payments.

13.7 Waiver Of Jury Trial

DEVELOPER AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

14. ACKNOWLEDGMENTS

Developer hereby acknowledges the following:

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

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

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

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

IN WITNESS WHEREOF, the parties have duly executed and delivered this Development Agreement on the day and year first above written.

ESTRELLA FRANCHISING, LLC	Developer:
	_____
	(type/print name)
By:_____	By:_____
Title:_____	Title:_____

SCHEDULE 1
TO THE
AREA DEVELOPMENT AGREEMENT

DEVELOPMENT TERRITORY

The Development Territory is as follows:_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

EXHIBIT A TO THE
AREA DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

ESTRELLA INSURANCE Agencies	800-CARINSURANCE Agencies	Opening Date	Cumulative Number to be in Operation

EXHIBIT B TO THE
AREA DEVELOPMENT 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 Development 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 of the Agreement and thereafter as provided in the Agreement, that _____ ("Developer") 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 Developer 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 Developer fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer 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 Developer 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 of the Agreement.

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 DEVELOPER:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____

_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN DEVELOPER:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____

_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN DEVELOPER:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____

_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN DEVELOPER:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____

_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN DEVELOPER:_____%

PERSONAL GUARANTOR

_____
Personally and Individually (Printed Name)

_____
Personally and Individually (Signature)

HOME ADDRESS

_____

_____

TELEPHONE NO.:_____
PERCENTAGE OF OWNERSHIP
IN DEVELOPER:_____%

EXHIBIT C TO THE
AREA DEVELOPMENT AGREEMENT

OWNERS OF DEVELOPER;
OFFICERS, DIRECTORS, MANAGERS AND TRUSTEES

Owners	Percentage of Ownership	Position/Title
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Officers, Directors and Managers	Position/Title
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Exhibit "C"

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Exhibit "D-1"

Area Developers as of December 31, 2022

Florida

All Casualty Insurance Corp.
612 W Vine St.
Kissimmee, FL. 34741
12 locations open and operating
12 locations to be opened

Ventura Insurance Group Inc.
4651 Lake worth, FL. 33463
Greenacres, FL. 33463
1 location open and operating
3 locations to be opened

Nordes Royalty Insurance Corp.
1271 Military Trail
West Palm Beach, FL. 33415
6 locations open and operating
4 locations to be opened

Agencies Open and Operating as of December 31, 2022
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

Johnson Family Insurance Corp.
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

M&M Insurance Corp.
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.
1075 N Western Ave.
Los Angeles, CA. 90029
323-489-8122

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

COLORADO

Insurance Near Me Co.
5165 W Alameda Ave.
Denver, CO. 80219
720-613-2020

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

FLORIDA

Gator Insurance Agency, Inc.
23038 Sandalfoot Plaza Dr.
Boca Raton, FL. 33428
561-410-7700

ACG Motor 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

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

G&J Insurance, Inc.
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

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

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

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

M&M Advanced Insurance Corp.
4985 SW 148 St.
Deerfield Beach, FL. 33441
954-861-3690

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

Financial Xperts Group, LLC.
1150 W Sunrise Blvd.
Ft. Lauderdale, FL. 33311
954-379-8500

Jasmelly, Inc.
1142 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

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.
795B W 49 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

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

Insurance for Everyone, LLC.
3939 S Congress Ave. #102
Lake Worth, FL. 33461
561-966-9741

MCJ Insurance, 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

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.
18545 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

Ariadna & Anette
8615 Biscayne Blvd.
Miami, FL. 33138
305-757-5900

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 Servicer 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

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

Umbrella Nation Insurance Corp.
777 NW 72 Ave. Suite #1033
Miami, FL. 33126
305-999-5298

Valdes Family Insurance Corp.
2959 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.
15414 NW 77 Ct.
Miami Lakes, FL. 33016
305-828-3311

AG Paradise Corp.
3488 Red Rd.
Miramar, FL. 33025
954-556-11830

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

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

DDR Insurance Corp.
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

RGZ Investments, LLC.
1615 N Hiatus Rd.
Pembroke Pines, FL. 33026
954-861-4343

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

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

Rizo-Garcia Insurance, LLC.
8923 W Oakland Park Blvd.
Sunrise, FL. 33351
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

TAT Insurance Group, LLC.
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

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.
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

TEXAS

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

Escarcega LLC.
1620A Gessner Rd.
Houston, TX. 77080
218-688-4280

Exhibit "E"
Franchisees Not Yet Open as of December 31, 2022

California

Grupo Estrella, LLC.
2929 Floyd St.
Burbank, CA. 91504
Jose Liberman
Email: lliberman@grupoestrellallc.com

Colorado

DLT Insurance Services Inc
817 Ssanta Fe Dr.
Denver, CO. 80204
Email: diana.luna@estrellainsurance.com

GRN Holding Group Inc.
2150 E 88th St.
Denver, CO. 80229
Email: Guillermo.Reyes@estrellainsurance.com

Florida

SR & AR Corp.
3104 53rd Ave., East
Bradenton, FL. 34203
Sharon Roman & Albert Ayala
Email: Sharon.Roman@estrellainsurance.com

Quipa, LLC. (#2)
Broward County, FL.
Jorge Quintana
Email: jquintana@iluminarum.com

Unique Agent Insurance Inc. (#2)
Broward County
Maylin Ferradas
954-414-7045

Davkar Insurance LLC.
Cape Coral, FL.
David Bourassa
Email: herrfraser07@hotmail.de

CAN-US Insurance, LLC.
8081 W Sample Rd. #6
Coral Springs, FL. 33065
Elliott Milek
Email: elliottmilek@can-ustax.com

Futuro Insurance, LLC.
Duval County, FL (Jacksonville)
Natacha Cuadra
Email: natachacuadra@hotmail.com

Davkar Insurance LLC. (#2)
Ft. Myers, FL.
David Bourassa
Email: herrfraser07@hotmail.de

Queen Sophia, LLC.
401 S 25th St.
Fort Pierce, FL. 34947
Lilliet Gonzalez
Email: gonzalezliliet72@gmail.com

GP Insurance Services, LLC. (#3)
Miami-Dade County, FL.
Gipsy De La Paz
305-428-3884

Naples Insurance Brokers, LLC
Naples, FL.
Karina Rojas
Email: Rojaskarina2010@hotmail.com

Halfvillage Insurance Corp.
Palm City, FL.
Harry Mediavilla
Email: Harry@Prudenceio.com

Isaac Landrua
Polk County, FL.
Email: llandrua@live.com

Dorante Organization, LLC.
1571 W Blue Heron Blvd.
Riviera Beach, FL. 34404
Guerlin Dorante
Email: guerlind@hotmail.com

Live Safe Insurance, LLC.
Sarasota, FL.
Johans Zacnich
Email: johans.zacnich@hotmail.com

Angel Amor, LLC.
Florida
Johnny Vasquez & Lorena Bahamon
Email: logaga@hotmail.com

JB General Lines Corp.
Florida
Laura Fernandez & Jhon Alvarez
Email: laura.616.10@gmail.com

Leiva Insurance Services Corp.
Florida
Tania Leiva & Ivis Nordarse
Email: tanoel26@gmail.com

Massachusetts

Solano Enterprises, Inc.
Springfield, MA.
Laura Solano
Email: solano.laura@icloud.com

New York

Toasa Business I Corp.
1442 Williamsbridge Rd.
Bronx, NY. 10461
Area Representative: 1 of 10 Locations
Diego Toasa
646-321-1356

TBS Westchester Sq
62-42 Forest Ave.
Flushing, NY. 11385
Area Representative: 2 of 10 Locations
Diego Toasa
646-321-1356

T&C Tax Services, LLC.
6511 Myrtle Ave.
Glendale, NY. 11385
Area Representative: 3 of 10 Locations
Diego Toasa & Dany Cordova
646-321-1356

YGN Global Connection Consulting Group Corp.
2962 Jerome Ave.
Bronx, NY. 10469
Arlenys Nunez
Email: ANUNEZ@ATAX.COM

Ordonez Management Corp.
Middletown, NY.
Amanda & Anthony Ordonez
Email: aordonez@atax.com

Ramos Services Corp.
52-14 Van Loon St. Ground FL
Elmhurst, NY. 11373
Christian Ramos
Email: Cares4one@yahoo.com

SV Fifth Stream Corp.
132 W Sunrise Highway
Freeport, NY. 11520
Susie Vargas
Email: SUSIE411@GMAIL.COM

Sobro Fli Inc.
252 Willis Ave.
Bronx, NY. 10454

Flor Paulino
646-691-4427

North Carolina

Miranda Insurance Services Corp.
3023 Capital Blvd. Suite #105
Raleigh, NC. 27604
Ana Isabel Miranda Ledea
Email: miranda91@gmail.com

Reyes Insurance Corp.
2044 S Church St.
Burlington, NC. 27215
Elieen Reyes
Email: Ereyes@atax.com

Texas

Ferolla & Mollinedo, LLC.
7909 Hillcroft St.
Houston, TX. 77081
Abigail Ferolla
261-704-8929

Gabeiras Corp.
Houston, TX.
Luis Sotolongo
Email: luisgoahead@yahoo.com

JMASCOS Corp.
Houston, TX.
Joe Sotolongo
Email: joesotolongo@yahoo.com

Trep Ingenuity Group, LLC.
Houston, TX.
Daniel Sanchez
Email: sanchez.ds@me.com

Area Developers Not Yet Open as of December 31, 2022

Texas

Geraldino Aaron Enterprise, LLC.
10601 Clarence Dr. Ste# 250
Frisco, TX. 75033-3867
5 locations to be opened

Exhibit "F"
Terminated or Transferred Franchisees as of December 31, 2021

Name: Corona Insurance Inc.
7501 W Indian School Rd.
Phoenix, AZ. 85033
Book of Business Merged into:
Damasvac, LLC.
Date Left the System: February 1, 2022

Name: J Arceo Family Corp.
801 E Palmdale Blvd.
Palmdale, CA. 93552
Book of Business Merged into:
MVH Arceo Corp.
Date Left the System: February 8, 2022

Name: Valles Family Inc.
11002 Magnolia Blvd. Suite B
North Hollywood, CA. 91601
Book of Business Merged into:
MVH Arceo Corp.
Date Left System: July 13, 2022

Name: Andeve, LLC.
5165 W Alameda Ave.
Denver, CO. 80219
Phone: 720-613-2020
Transferred to New Owners:
Insurance Near Me Co.
Date Left System: November 31, 2022

Name: Myinsurance.com, LLC.
3320 W Hillsboro Blvd.
Deerfield Beach, FL. 33442
Phone: 954-905-6065
Transferred to New Owners:
Mananda, Inc.
Date Left System: February 28, 2022

Name: Vilau Insurance Inc.
14772 SW 56 St.
Miami, FL. 33185
Phone: 305-387-2040
Transferred to New Owners:
JLJ Investment Corp.
Date Left System: September 30, 2022

Name: Star US Management Corp./Notary Public
1321 Alton Rd.
Miami Beach, FL. 33139
Phone: 305-534-9434
Transferred to New Owners:
DMD Insurance Corp.
Date Left System: August 1, 2022

Name: Andarvis Insurance, LLC.
9929 Miramar Parkway
Miramar, FL. 33025
Phone: 954-613-4124
Transferred to New Owners:
JM & M Insurance Service, Inc.
Date Left System: March 31, 2022

Name: Estrella General Agency
2904 Denton Highway
Haltom City, TX. 76117
Phone: 4569-455-1315
Transferred to New Owners:
Enlace Management, LLC.
Date Left System: September 1, 2022

Name: Estrella General Agency
1620 A Gessner Rd.
Houston, TX. 77080
Phone: 281-688-4280
Transferred to New Owners:
Escarcega, LLC.
Date Left System: February 28, 2022

Former Area Developers as of December 31, 2022

None.

Exhibit "G" to FDD

Financial Statements

ESTRELLA FRANCHISING, CORP.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

PAAST
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Estrella Franchising, Corp.

Opinion

We have audited the accompanying financial statements of Estrella Franchising, Corp. (a Florida S-Corporation), which comprise the balance sheet as of December 31, 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

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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

DUE FROM RELATED PARTIES

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

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

FINANCIAL STATEMENTS

DECEMBER 31, 2021

PAAST
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Estrella Franchising, Corp.

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

PAAST, PL

Certified Public Accountants
Coral Gables, Florida
April 11, 2022

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 - NATURE OF ORGANIZATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION AND USE OF ESTIMATES

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

B) CASH, CASH EQUIVALENTS AND RESTRICTED CASH

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

C) REVENUE RECOGNITION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) REVENUE RECOGNITION (CONTINUED)

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) ADVERTISING, MARKETING AND PROMOTION

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

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

E) PROPERTY AND EQUIPMENT

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

F) CONCENTRATION OF CREDIT RISK

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

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

G) INCOME TAXES

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G) INCOME TAXES (CONTINUED)

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

H) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

I) RECENT ACCOUNTING PRONOUNCEMENTS

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

J) SUBSEQUENT EVENTS

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

NOTE 3 - RELATED PARTIES

DUE FROM RELATED PARTIES

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

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

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

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

NOTE 3 - RELATED PARTIES (CONTINUED)

DUE FROM RELATED PARTIES (CONTINUED)

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

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

GENERAL AND ADMINISTRATIVE COSTS

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

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

NOTE 4 - NOTES RECEIVABLE

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

NOTE 4 - NOTES RECEIVABLE (CONTINUED)

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

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

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

NOTE 5 - NOTE PAYABLE

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

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

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

NOTE 5 - NOTE PAYABLE (CONTINUED)

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

NOTE 6 - OTHER INCOME

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

NOTE 7 - COMMITMENT AND CONTINGENCIES

LITIGATION

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

REGULATORY MATTERS

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

NOTE 8 - COMMON STOCK

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

NOTE 9 - ECONOMIC RISK AND UNCERTAINTIES

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

NOTE 10 - SUBSEQUENT EVENTS

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

ESTRELLA FRANCHISING CORP.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

ESTRELLA FRANCHISING CORP.

YEARS ENDED DECEMBER 31, 2020 AND 2019

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KSDT
ADVISORY | TAX | ASSURANCE CPA

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

KSDT
ADVISORY | TAX | ASSURANCE CPA

Opinion

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

KABAT, SCHERTZER, DE LA TORRE, TARABOULOS & CO.

Miami, Florida
April 2, 2021

ESTRELLA FRANCHISING CORP.

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 101,241	$ 116,890
Royalties receivable	572,775	303,107
Notes receivable franchisees, current portion	82,298	114,750
Due from shareholders, current portion	15,506	185,628
Other assets	36,146	30,182
Restricted cash, marketing fund	654,919	64,751
TOTAL CURRENT ASSETS	1,462,885	815,308
OTHER ASSETS:		
Notes receivable franchisees, non-current portion	171,111	182,433
Due from shareholders, non-current portion	169,985	164,162
TOTAL OTHER ASSETS	341,096	346,595
TOTAL ASSETS	$ 1,803,981	$ 1,161,903
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$ 40,641	$ 34,771
Accounts payable and accrued expenses, marketing fund	334,350	-
Deferred advertising and marketing costs	545,830	64,751
Shareholder distributions payable	22,448	128,626
EIDL loan payable, current portion	1,737	-
Deferred revenue	2,119,448	427,595
TOTAL CURRENT LIABILITIES	3,064,454	655,743
OTHER LIABILITIES:		
EIDL loan payable, non-current portion	151,175	-
TOTAL OTHER LIABILITIES	151,175	-
TOTAL LIABILITIES	3,215,629	655,743
SHAREHOLDERS' EQUITY (DEFICIT):		
Common stock, $1 par value, 500 shares authorized, issued and outstanding and additional capital	15,000	15,000
Retained earnings (accumulated deficit)	(1,426,648)	491,160
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	(1,411,648)	506,160
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,803,981	$ 1,161,903

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

ESTRELLA FRANCHISING CORP.

STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUES:		
Royalties	$ 4,729,973	$ 4,239,590
Marketing fund revenue	3,233,682	-
Franchise and renewal fees	340,648	705,500
TOTAL REVENUES	8,304,303	4,945,090
OPERATING EXPENSES:		
General and administrative	1,241,003	1,449,388
Advertising, marketing and promotions	3,271,920	43,207
Other administrative expenses	394,731	302,096
TOTAL OPERATING EXPENSES	4,907,654	1,794,691
INCOME FROM OPERATIONS	3,396,649	3,150,399
OTHER INCOME:		
EIDL grant income	10,000	-
Interest income	30,897	24,891
Lawsuit settlement, net	-	27,000
Loan forgiveness	1,221,694	1,133,080
Other income	7,118	4,062
TOTAL OTHER INCOME	1,269,709	1,189,033
NET INCOME	$ 4,666,358	$ 4,339,432

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

ESTRELLA FRANCHISING CORP.

STATEMENTS OF SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2020 AND 2019

	Common Stock	Retained Earnings (Deficit)	Total Shareholders' Equity
BALANCE, JANUARY 1, 2019	$ 15,000	$ 393,940	$ 408,940
Net income	-	4,339,432	4,339,432
Distributions	-	(4,242,212)	(4,242,212)
BALANCE, DECEMBER 31, 2019	15,000	491,160	506,160
Cumulative effect of ASC Topic 606 on January 1, 2020	-	(1,370,825)	(1,370,825)
Net income	-	4,666,358	4,666,358
Distributions	-	(5,213,341)	(5,213,341)
BALANCE, DECEMBER 31, 2020	$ 15,000	$ (1,426,648)	$ (1,411,648)

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

ESTRELLA FRANCHISING CORP.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 4,666,358	$ 4,339,432
Adjustments to reconcile net income to net cash provided by operations:		
Bad debt expense	10,000	-
EIDL grant income	(10,000)	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Royalties receivable	(269,668)	1,091
Receivables and notes from sales of franchises	33,774	-
Other assets	(5,964)	(724)
Increase (decrease) in:		
Accounts payable	5,870	(130,351)
Accounts payable and accrued expenses, marketing	334,350	-
Deferred advertising and marketing costs	481,079	(301,549)
Deferred revenue	321,028	72,788
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,566,827	3,980,687
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of EIDL grant	10,000	-
Advances to shareholders	(128,626)	(269,526)
Repayments from shareholders	164,299	-
Proceeds of EIDL Loan payable	152,912	-
Distributions	(5,190,893)	(4,113,586)
NET CASH USED BY FINANCING ACTIVITIES	(4,992,308)	(4,383,112)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	574,519	(402,425)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR	181,641	584,066
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 756,160	$ 181,641

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

ESTRELLA FRANCHISING CORP.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Organization and Nature of Business

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

As of December 31, 2020 and 2019, there are 190 and 149 agencies respectively, with 168 and 131 agencies, respectively, operating in Florida, and the remainder operating in Arizona, Texas, Ohio, and California.

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

Revenue Recognition

The Financial Accounting Standards Board (FASB) issued a new revenue recognition standard – Accounting Standards codification (ASC) Topic 606, Revenue from Contracts with Customers (ASC 606). The Company has analyzed the provisions of the new standard and has adopted the standard on January 1, 2020 by using the modified retrospective transition method (See Adoption of New Accounting Standard).

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

Revenues consist of royalties received from franchisees for the sale of insurance as well as franchise and renewal fees. Franchise fee revenues primarily include royalties, initial and renewal franchise fees. Royalties from franchisees are based on a percentage of the gross receipts generated at each individual franchisee. Initial franchise fees are recognized as revenue when the related franchise begins operations, ratably over the life of the franchise. As such, the deferred franchise fee income is recorded as a liability on the balance sheet for future periods over the term of the franchise agreement. A franchisee may pay a renewal franchise fee and renew its franchise for an additional term. Renewal franchise fees are recognized as revenue over the term of the franchise agreement. Deposits received on pending franchise sales are included in deferred revenue.

Adoption of New Accounting Standard

The Company adopted ASC 606 on January 1, 2020, using the modified-retrospective transition method. Accordingly, the prior year financial statements for 2019 have not been restated and the cumulative effect of adoption totaling approximately $1,371,000 has been charged to retained earnings (accumulated deficit) as of January 1, 2020, the beginning of the first period of adoption.

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

Adoption of New Accounting Standard (Continued)

The adoption of ASC 606 had two primary impacts on the financial statements. The impact of adjustments on profit recorded to date is now recognized in the period identified (cumulative catch-up method), rather than prospectively over the remaining contract term. For the sale of franchises, the revenue is now recognized ratably over the term of the franchise agreement. Prior to the adoption of ASC 606, all of the revenue was recognized for the sales of franchises on the date the insurance agency opened for business to the general public.

Income Taxes

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

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

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

Property and Equipment

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

Use of Estimates

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

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

Advertising, Marketing and Promotion

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

Cash, Cash Equivalents, and Restricted Cash

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

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

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

Concentration of Credit Risk

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

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

Fair Values of Financial Instruments

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

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

Reclassifications

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

NOTE 2. NOTES RECEIVABLE - FRANCHISEES

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

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

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

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

2021	$ 82,298
2022	25,980
2023	19,236
2024	19,695
2025	21,543
Thereafter	84,657
	$ 253,409

NOTE 3. RELATED PARTY TRANSACTIONS

Amount due from shareholders includes approximately $185,000 and $350,000 at December 31, 2020 and 2019, respectively. One shareholder has an amount due of approximately $162,000 which is being repaid at $1,165 per month based on a 20-year term at 2.89% interest. In addition, three shareholders have amounts due of approximately $23,000 as of December 31, 2020 which are non-interest bearing and due on demand. Repayment of the $23,000 amounts due from the three shareholders is not anticipated within the next twelve months and, accordingly, that portion has been reflected as non-current.

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

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

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

Accounts payable included costs that were allocated from various related parties of $0 and $104,000, as of December 31, 2020 and 2019, respectively.

NOTE 4. EIDL LOAN PAYABLE

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

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

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

NOTE 5. SHAREHOLDER DISTRIBUTIONS PAYABLE

During the years ended December 31, 2020 and 2019, the shareholders of the Company declared approximately $5,213,000 and $4,242,000, respectively, of distributions to be paid out of retained earnings. Approximately $22,000 and $129,000, respectively, of shareholder distributions were paid subsequent to December 31, 2020 and 2019 and were therefore recorded as shareholder distributions payable in the accompanying balance sheets.

NOTE 6. FRANCHISE MARKETING

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

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

NOTE 7. COMMITMENTS AND CONTINGENCIES

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

NOTE 8. EMERGENCY ECONOMIC INJURY GRANT

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

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

NOTE 9. FRANCHISING

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require the franchisee to pay an initial, non-refundable fee ranging from $16,000 to $25,000 and continuing fees based upon a percentage of their commissions. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew its agreement upon its expiration.

When the individual franchise is sold, the Company agrees to provide certain services to the franchisee, including site selection, training, systems implementation, and design of a quality control program. The Company recognizes initial fees as revenue when the related franchise begins operations, ratably over the term of the franchise. Renewal franchise fees are recognized as over the term of the agreement.

NOTE 10. LITIGATION SETTLEMENT

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

NOTE 11. LOAN FORGIVENESS

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

NOTE 12. COVID-19 CONSIDERATIONS

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

NOTE 13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 2, 2021 the date the financial statements were available to be issued.

THIS QUESTIONNAIRE IS NOT APPLICABLE IN CALIFORNIA
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.

DO NOT SIGN – NOT APPLICABLE IN CALIFORNIA

_____, 20___ _____

_____, 20___ _____

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.

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: _____

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

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

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

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

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

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

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

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

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

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

Illinois law governs the franchise agreement for Illinois franchisees.

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.

ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT
FOR THE STATE OF ILLINOIS

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

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

1. Section 18.11 (Jurisdiction and Venue) of the Franchise Agreement, and Section 13.2 of the Area Development Agreement is modified by adding the following:

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

2. Section 18.10 (Governing Law) of the Franchise Agreement and Section 13.2 of the Area Development Agreement is modified by adding the following:

Illinois law governs the franchise agreement for Illinois franchisees.

3. Sections 11.2 (Termination by the Franchisor—After Notice) and 16 (Term) of the Franchise Agreement, and Sections 5 and 9 of the Area Development Agreement are modified by adding the following:

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

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement or Area Development Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement or area development agreement may provide for arbitration to take place outside of Illinois.

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.

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

Witnesses:	ESTRELLA FRANCHISING CORP.
_____	By: _____
_____	Its: _____
	FRANCHISEE:
_____	By: _____
_____	Its: _____

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA

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

INTRODUCTION:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Indiana has statutes that may invalidate liquidated damage provisions.

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

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA

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

BACKGROUND

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

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

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

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

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

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

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

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

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

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

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

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

Witness:	ESTRELLA FRANCHISING CORP.
_____	By: _____
_____	Its: _____
	FRANCHISEE:
_____	By: _____
_____	Its: _____

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

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

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

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

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

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

BACKGROUND

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

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

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

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

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

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

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

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

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

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

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

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

This Addendum must be executed simultaneously with the Franchise Agreement.

Witness:	FRANCHISOR: ESTRELLA FRANCHISING CORP.
_____	By: _____
_____	Its: _____

FRANCHISEE:

_____	By: _____
_____	Its: _____

NOTICE REQUIRED BY MICHIGAN LAW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

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

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

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

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

We will protect your rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minn. Stat. Sec. 80C.12, Subd. 1(g) states that Minnesota considers it unfair to not protect your right to use the trademarks.

With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statute 80C.14, Subd. 3, 4, and 5, which require (except in certain specific cases) (1) that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. 80C.21 and Minn. Rule 2860.4400(J) prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the law of the jurisdiction.

Minnesota law may limit our ability to unreasonably restrict your activity after the franchise agreement has ended.

A provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of a franchisee may be unenforceable under Title 11, United States Code Section 101.

Liquidated damage provisions are void under the law of the State of Minnesota.

Minnesota Rule 2860.4400J. states that it is unfair and inequitable for us to require you to waive your rights to any forum provided for by the laws of Minnesota or to waive your rights to a jury trial. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. A court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Minnesota Rule 2860.4400D. prohibits us from requiring you to assent to a general release.

Witness:	FRANCHISOR: ESTRELLA FRANCHISING CORP.
_____	By: _____
_____	Its: _____
	FRANCHISEE: _____
_____	By: _____
_____	Its: _____

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

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

BACKGROUND

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

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

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

We will protect your rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minn. Stat. Sec. 80C.12, Subd. 1(g) states that Minnesota considers it unfair to not protect your right to use the trademarks.

With respect to the franchises governed by Minnesota law, we will comply with Minnesota Statute 80C.14, Subd. 3, 4, and 5, which require (except in certain specific cases) (1) that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. 80C.21 and Minn. Rule 2860.4400(J) prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the law of the jurisdiction.

Minnesota law may limit our ability to unreasonably restrict your activity after the franchise agreement has ended.

A provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of a franchisee may be unenforceable under Title 11, United States Code Section 101.

Liquidated damage provisions are void under the law of the State of Minnesota.

Minnesota Rule 2860.4400J. states that it is unfair and inequitable for us to require you to waive your rights to any forum provided for by the laws of Minnesota or to waive your rights to a jury

trial. You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. A court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Minnesota Rule 2860.4400D. prohibits us from requiring you to assent to a general release.

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

Witness:	FRANCHISOR: ESTRELLA FRANCHISING CORP.
_____	By: _____
_____	Its: _____
	FRANCHISEE: _____
_____	By: _____
_____	Its: _____

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

This Addendum to the Franchise Disclosure Document ("Addendum") sets forth modifications to the Franchise Disclosure Document ("FDD") for purposes of offering franchises in the State of New York (the "State").

INTRODUCTION

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

Estrella Franchising Corp. desires to comply with all such applicable laws and regulations of the State.

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

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDENDUM TO FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

This Addendum to Franchise Agreement ("Addendum") is effective as of the date of execution of the Franchise Agreement by and between _____ ("Franchisor") and _____ ("Franchisee"), dated _____ (the "Franchise Agreement").

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

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

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

1. Sections 18.10 and 18.11 of the Franchise Agreement entitled, "Governing Law" and “Jurisdiction and Venue” are amended by adding the following paragraph: "The foregoing choice of law should not be considered a waiver of any right conferred upon any party to this Agreement by the General Business Law of the State of New York, Article 33."

2. The Franchisee acknowledges that it received from Estrella Franchising Corp. a Franchise Disclosure Document for the State of New York with all exhibits referenced in the Franchise Disclosure Document on the following date: _____

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

Witness:

_____

_____

_____

ESTRELLA FRANCHISING CORP.

By: _____
Its: _____

FRANCHISEE:
By _____
Its: _____

AMENDMENT TO FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

This Franchise Agreement (the "**Agreement**") between Estrella Franchising Corp. ("Franchisor") and _____ ("You") is amended by adding the following provisions, which shall be considered an integral part of the Agreement:

The North Dakota Securities Commissioner requires that certain provisions in the Agreement be amended by the following statements:

a. If the Agreement obligates you to execute a release of claims upon renewal of the franchise term, such obligation is void.

b. Covenants not to compete during the term, and upon termination or expiration, of the franchise term are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete that is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. To the extent the Agreement requires litigation to be conducted in a jurisdiction other than North Dakota, the requirement is void. Any litigation under the agreement shall be conducted in North Dakota or a mutually agreed upon location. The provisions of this paragraph are subject to the United States Arbitration Act (9 U.S.C. § 1 et seq.)

d. To the extent the Agreement requires that it is governed by a state law other than North Dakota, the requirement is void. Subject to any applicable federal law, North Dakota law shall govern the Agreement.

e. To the extent the Agreement requires payment of a termination penalty or liquidation penalty, the requirement is void.

f. To the extent the Agreement requires you to consent to a waiver of exemplary and/or punitive damages, the requirement is void.

g. To the extent the Agreement requires you to consent to a waiver of trial by jury, the requirement is void.

h. To the extent the Agreement requires that you consent to a limitation of claims under the North Dakota Franchise Investment Law, the requirement is void and the statute of limitations under North Dakota Franchise Investment Law will apply.

i. To the extent the Agreement requires that you consent to payment of all costs and expenses incurred under any action concerning a violation of the North Dakota Franchise Investment Law, the requirement is void. Under Section 51-19-12.3 of that law, the prevailing party in any such action is entitled to recover all costs and expenses, including attorney's fee.

AS TO ANY STATE LAW REFERRED TO IN THE FOREGOING AMENDMENTS TO THE FRANCHISE AGREEMENT THAT DECLARES VOID OR UNENFORCEABLE ANY PROVISION CONTAINED IN THE

FRANCHISE AGREEMENT, THE FRANCHISOR RESERVES THE RIGHT TO CHALLENGE THE ENFORCEABILITY OF THE STATE LAW BY BRINGING AN APPROPRIATE LEGAL ACTION OR BY RAISING THE CLAIM IN A LEGAL ACTION OR ARBITRATION THAT YOU HAVE INITIATED.

ADDENDUM TO THE
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Estrella Franchising Corp. for use in the Commonwealth of Virginia shall be amended as follows:

1. Item 17.h. of the Franchise Disclosure Document is amended by inserting the following statement:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. Item 17.t. of the Franchise Disclosure Document is amended by inserting the following statement:

> Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.

3. 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.

WASHINGTON FRANCHISE AGREEMENT ADDENDUM*

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this ___ day of _____, _____.

ESTRELLA FRANCHISING CORP. _____

_____ _____

FRANCHISOR FRANCHISEE

* This addendum may also be used as a rider to the franchise disclosure document.

Exhibit "J"

Release

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (the "Release") is made as of _____ ___, 20___ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of Estrella Franchising, 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	7/6/23
Indiana	
Maryland	
Michigan	
Minnesota	
New York	8/15/23
North Dakota	
Rhode Island	
South Dakota	
Virginia	7/14/23
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: March 30, 2023, as amended June 14, 2023.

See Exhibit "A" for our registered agents authorized to receive service of process.

I have received a disclosure document dated March 30, 2023**,** as amended June 14, 2023, that included the following Exhibits:

Exhibit "A"	State Agencies and Administrators/Agents for Service of Process
Exhibit "B"	Franchise Agreement
Exhibit "B-1"	Area Development Agreement
Exhibit "C"	Table of Contents of Confidential Operating Manual
Exhibit "D"	Franchisees as of December 31, 2022
Exhibit "D-1"	Area Developers as of December 31, 2022
Exhibit "E"	Franchises and Area Developments Not Yet Open as of December 31, 2022
Exhibit "F"	Former Franchisees and Area Developers as of December 31, 2022
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 _____.

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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, LLC, 1801 SW 3rd Avenue, Miami, Florida 33129