FRANCHISE DISCLOSURE DOCUMENT
FIESTA INSURANCE FRANCHISE CORPORATION
A Delaware Corporation
3755 Breakthrough Way, Suite #205
Las Vegas, Nevada 89135
Telephone 702-522-1729
www Fiestafranchise com

Received
LA Mailroom
NOV 2 3 2016
Department of
Business Oversight

Fiesta Insurance Franchise Corporation grants franchises for businesses which sell insurance policies and provide retail tax return preparation services and electronic tax return filing and which may offer other additional services we designate under the "FIESTA trade name and service mark We offer 3 franchise programs

Franchise Program	Total Investment Necessary to Begin Operations	Amount That Must Be Paid to Franchisor
Single Business Program	$49,662 - $107,458	$13,500
Area Development Program	$123,686 - $303,174	$23,500
Affiliation Franchise Program (Only Available in California)	$5,900 - $42,458	$3,500

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English Read the 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 payments 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 Deane Silke, President, 3755 Breakthrough Way, Suite #205, Las Vegas, Nevada 89135, (702) 522-1729, www Fiestafranchise com

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 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, N W , 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

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS AUGUST 8, 2016, AS AMENDED ON NOVEMBER 22, 2016

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state REGISTRATION OF THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT

Call the state franchise administrator listed on Exhibit A for information about the franchisor, or about franchising in your state

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW

Please consider the following Risk Factors before you buy this franchise

1 THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE THAT YOU RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN NEVADA OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN NEVADA THAN IN YOUR OWN STATE

2 THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT THE LAW OF NEVADA GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW IF ANY PROVISION OF THE FRANCHISE AGREEMENT OR AREA DEVELOPMENT AGREEMENT WOULD NOT BE ENFORCEABLE UNDER THE LAWS OF NEVADA, AND IF THE FRANCHISED BUSINESS IS LOCATED OUTSIDE OF NEVADA, AND SUCH PROVISION WOULD BE ENFORCEABLE UNDER THE LAWS OF THE STATE IN WHICH THE FRANCHISED BUSINESS IS LOCATED, THEN SUCH PROVISION SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THAT STATE YOU MAY WANT TO COMPARE THESE LAWS

3 UNDER THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE JOINTLY AND SEVERALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENTS THE GUARANTEE PLACES YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY

4 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise A FRANCHISE BROKER or referral source represents us, not you We pay this person a fee for selling our franchise or referring you to us You should be sure to do your own investigation of the franchise

SEE THE NEXT PAGE FOR STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Documents 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 Disclosure Document is registered on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California	August 19, 2016, as amended on _____, 2016
Indiana	August 22 2016
Illinois	August 12, 2016, as amended on _____, 2016
Michigan	August 12, 2016
New York	September 9, 2016, as amended on _____, 2016
Wisconsin	August 12, 2016, as amended on _____, 2016

In all other states, the effective date of this franchise disclosure document is the issuance date of August 8, 2016, as amended on November 22, 2016

FIESTA INSURANCE FRANCHISE CORPORATION
UNIFORM FRANCHISE DISCLOSURE DOCUMENT
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, **"the Company", "we"** or **"us"** means Fiesta Insurance Franchise Corporation, the franchisor of this business **"You"** means the person who buys the franchise, and includes your owners if you are a partnership, limited liability company, corporation or other entity

The Franchisor

We were incorporated in Delaware on March 31, 2006 Our principal business address is 3755 Breakthrough Way, Suite #205, Las Vegas, Nevada 89135 We do business under our corporate name as well as under the trade name and service mark **"FIESTA"** We do not do business under any other names Our agents for service of process are listed in **Exhibit A** We do not engage in any other business activity We have offered franchises for sale since March 2007 We do not, and have not, offered franchises for sale in any other line of business

Our Parents, Predecessors and Affiliates

Our affiliate, Bravo General Insurance Services (**"Bravo"**), was incorporated in Nevada on May 31, 2013 Bravo's principal business address is 3755 Breakthrough Way, Suite #205, Las Vegas, Nevada Our Chief Executive Officer, John Rost, owns a controlling interest in Bravo Bravo is an approved insurance supplier, acting as an insurance intermediary

Our affiliate, Policy Manager Corporation, successor-in-interest to Policy Manager LLC (**"PMC"**), was incorporated in Nevada on May 8, 2013 The principal business address of PMC is 3755 Breakthrough Way, Suite #205, Las Vegas, Nevada 89135 PMC owns the software package known as Policy Manager, which our franchisees must use to operate their Franchised Businesses PMC has never offered franchises for sale in this or any other line of business We have no parents or predecessors

The Franchises Offered

We offer 3 separate franchises in this Disclosure Document, though we may not necessarily grant you the opportunity to purchase under either of these programs

Single Business Program

If you become a franchisee under our Single Business Program, you will operate a Fiesta Insurance business (the **"Franchised Business'**) and will sell personal and commercial automobile, motorcycle/scooters, personal watercraft, homeowners, rental/condo/apartment, tenant occupied property, commercial property, commercial general liability, Mexico trip and special events insurance on our behalf and offer retail tax return preparation and electronic tax return filing services using the Fiesta trademarks, trade name, service marks, and commercial symbols (the **"Proprietary Marks"**) under our Franchise Agreement attached to this Disclosure Document as **Exhibit B** (the **"Franchise Agreement'**)

You may only solicit the sale of insurance exclusively on our behalf, sell policies with insurance carriers we approve, and use premium financing companies that we approve Your Franchised Businesses must also offer electronic filing of tax returns, electronic refund checks, and other related financial products and services (the **'Bank Products"**) The Bank Products will be offered with products or services provided by one or more banks or financial vendors (a **"Financial Vendor"** or **"Financial Vendors**) that are not affiliated with us Subject to the

terms of the Franchise Agreement, we may require you to offer additional services from the Franchised Business You must offer only those services that we designate in the manner we specify You cannot offer any other products or services that are not designated by us as approved products or services without our prior written approval You will open the Franchised Business for business to the public after you sign the Franchise Agreement, complete our initial training program and obtain a site for the Franchised Business You must pass all required state exams and satisfy all state licensing requirements

You will operate your Franchised Business at an address set forth in your Franchise Agreement (the "**Franchised Location**") within a defined geographic area (the "**Protected Area**") You must conduct your Franchised Business in accordance with our Confidential Operating Manual (the "**Operating Manual**") and other manuals and instructional materials we provide for use in the Fiesta System and must use the Policy Manager software under the Software License Agreement attached to this Disclosure Document as **Exhibit D**

Area Development Program

Under our Area Development Program, we will assign you a defined non-exclusive geographic area (the "**Development Area**") within which you must develop and operate 3 Franchised Businesses (the "**Development Obligation**") within a specified period of time (the ' **Development Period**") The Development Area may be one city, one or more counties, or some other defined geographic area You will sign our Area Development Agreement attached to this Disclosure Document as **Exhibit C** ("**Area Development Agreement**") which will describe your Development Area, Development Obligation and Development Period Area Developers may be individuals or entities which meet our then-current requirements for non-individual area developers These requirements may include the signing of personal guarantees by some or all of the individuals holding an equity interest in the Area Developer You will sign a separate Franchise Agreement and pay us an initial franchise fee for each Franchised Business that you are obligated to develop under the Area Development Agreement when you sign the Area Development Agreement (the "**Area Development Franchise**") You must sign a separate Franchise Agreement for each Franchised Business you open under an Area Development Agreement on our then-current form of Franchise Agreement, which form of Franchise Agreement may be different than the form of Franchise Agreement included in this Disclosure Document You will also sign a Software License Agreement for each Franchised Business

Affiliation Franchise Program

Under our Affiliation Franchise Program, you will convert your independently owned business to a Fiesta insurance agency and retail tax preparation and tax filing business (an "**Affiliation Franchise**") under a Franchise Agreement and an Affiliation Franchise Addendum to your Franchise Agreement (the "**Affiliation Franchise Addendum**") in the form attached to the Franchise Agreement as Exhibit J All provisions of our Franchise Agreement will apply to an Affiliation Franchise unless otherwise stated in the Affiliation Franchise Addendum Our Affiliation Franchise Program is only available in California

Operating Experience

We have previously operated businesses of the type being franchised as a result of the termination of the franchisees who were granted the franchise rights to operate those Franchised Businesses We do not, and will not, operate a business of the type being franchised for any other reason As of April 30, 2015, we were not operating any business of the type being franchised From 2009 to 2014, we offered franchises for locations providing only tax return preparation services ("**Tax Only**") franchises We no longer offer Tax Only franchises, nor are any Tax Only offices in operation

Competition

The insurance policies that you will offer are required by consumers in order to conduct normal everyday activities For instance, insurance is generally required to legally operate automobiles As such, the market for insurance services in the United States is extensive and is expected to grow along with the country's population and standard of living Your competitors include commercial banks, insurance companies, independent and captive insurance agents, Internet solicitation and direct mail solicitation

Our general market for retail tax return preparation and electronic tax return filing business consists primarily of middle to low income tax bracket customers who seek to have their income taxes prepared and filed and/or are anticipating an income tax refund from the Internal Revenue Service ("**IRS**") As a Fiesta franchise, you will compete with numerous other local, regional, and national tax return preparation businesses and accounting firms The tax return preparation industry is highly seasonal The substantial majority of your business will occur each year between January 1 and April 15 (a "**Tax Season**"), however, there is a substantial amount of preparation time for Tax Season, which ordinarily occurs in November and December of each year Our and your ability to compete in the tax return preparation business depends largely upon the ability to file tax returns electronically with the IRS and the availability to offer financial products to customers

Industry-Specific Regulations

The offering of insurance is regulated by each state and you and all of your employees and agents who are required to be licensed must be licensed by your state's Department of Insurance to sell insurance policies in your state Your license must remain in good standing throughout the term of your Franchise Agreement You must also file all notices that your state may require as notice that you are acting as our agent in the operation of the Franchised Business If your license is revoked, suspended or restricted, or if an action to do so is begun by a governmental agency, you must immediately notify us If you do not maintain your license in good standing throughout the term of your Franchise Agreement, we may terminate your Franchise Agreement If your license is not in good standing, you cannot earn commissions from the sale of insurance

The United States Internal Revenue Code and associated regulations and revenue rulings primarily govern tax return preparation and the filing of electronic tax returns In order to file these electronic tax returns, you must obtain an Electronic Filing Identification Number ("**EFIN**") from the IRS If you or a business in which you were a principal were assessed a tax preparer penalty, were convicted of an IRS or monetary crime, failed to file a tax return or pay taxes, or cannot pass an IRS background check, you may not be able to obtain an EFIN If you are unable to obtain an EFIN prior to a Tax Season, you must use our EFIN, as electronic tax return filing is central to the operation of a Fiesta franchise Most states have laws similar to the IRS laws and regulations that govern access to electronic filing of state returns Please check with your state for any applicable certification or registration requirements

The IRS also regulates other aspects of the tax return preparation industry by requiring that tax preparers use due diligence in preparing tax returns, sign completed tax returns, furnish copies of the completed tax returns to customers, ensure customer privacy, maintain confidentiality of customer records, maintain customer lists, and not negotiate, directly or indirectly, income tax refund checks Federal laws also subject tax preparers to accuracy related penalties in connection with the preparation of tax returns Preparers may be enjoined from further acting as tax preparers if they continually or repeatedly engage in specified misconduct All authorized IRS e-file providers must adhere to IRS e-file rules and requirements to continue participation in IRS e-file Adherence to all rules and regulations is expected of all preparers, regardless of how a tax return is submitted, and includes those described in IRS Publication 1345, Handbook for Authorized IRS e-file providers In addition, the IRS conducts audit examinations of authorized IRS e-file providers and tax return preparers, reviewing samples of prepared tax returns to ensure compliance with regulations in connection with tax return preparation

activities In particular, the IRS has spent a substantial amount of time in recent years auditing tax return files looking for preparers who have e-filed tax returns using a customer's last paystub (known as "**paystub loans**"), which practice the IRS now explicitly prohibits

The Federal Trade Commission's Safeguards Rule requires that tax preparers use physical, administrative and technological means to safeguard confidential customer data The Gramm-Leach-Bliley Act and related federal regulations address the use and disclosure of client data and requires income tax return preparers to adopt and disclose consumer privacy policies Numerous local, state, and federal regulations, statutes, laws, and ordinances govern tax return preparation The majority of these local and state regulations govern the provision of tax preparation services and Refund Anticipation Loans ("**RALs**') and, in order to offer RALs, require submission and approval of a registration application as a "**loan broker**" or "**credit services organization.**" The IRS and several states also regulate advertising associated with RALs Federal, state, and local laws and regulations regarding the provision of tax preparation services and RALs may change or may be enacted at any time, which may impact the tax preparation business or some aspect of it

You must maintain all required licenses throughout the term of your Franchise Agreement

The Payment Card Industry Data Security Standard (**PCI**) requires all companies that process, store, or transmit credit or debit card information to maintain a secure environment PCI applies to all organizations or merchants, regardless of size or number of transactions, that accepts, transmits or stores any cardholder data

You must also comply, as applicable, with Executive Order 13224, which prohibits transactions with suspected terrorists or persons or organizations associated with suspected terrorists, the USA Patriot Act and the International Money Laundering Statement and Anti-Terrorist Financing Act of 2001, which impose anti-money laundering requirements on a broad variety of '**financial institutions**"

You must also comply, as applicable, with all local, state, and federal laws that apply to your Franchised Business including health, no smoking, discrimination, employment, and sexual harassment laws The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled people and therefore may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, drinking facilities, and the like You must obtain real estate permits and licenses and operational licenses You are advised to examine these and other laws before purchasing our franchise You should consult with your attorney concerning these and other local laws and ordinances that may affect your Franchised Business

ITEM 2
BUSINESS EXPERIENCE

John Rost, Chief Executive Officer

Mr Rost served as our President and Chief Executive Officer from our incorporation on March 31, 2006 until January 20, 2015 Mr Rost continues to serve as our Chief Executive Officer From May 2013 through the date of this Disclosure Document, Mr Rost has served as President and Secretary of Bravo in Las Vegas, Nevada Mr Rost is also the President of PMC in Las Vegas, Nevada, and has held that position since March 2005

Owen Deane Silke, Jr., President

Mr Silke was appointed to serve as our President on January 20, 2015 Before that, Mr Silke served as our Vice President from January 2, 2007 to January 20, 2015

Richard Hays, Director

Mr Hays was appointed as a Director of Fiesta on March 31, 2006

Michael Hutta, Vice President of Sales

Mr Hutta was appointed Vice President of Sales on Jun 6, 2016 Before that, from May 2009 to December 2015, he served as Vice President of Sales for ActiveRX, located in Chandler, Arizona

ITEM 3
LITIGATION

DLKT, INC , Darrel Lee and Kathleen Thomson, v Fiesta Insurance Franchise Corporation, Superior Court of the State of California, County of Orange, Case No 30-2014-00728308-CU-BC-CJC On June 15, 2014, following our termination of the plaintiffs' Franchise Agreement because of their failure to pay us fees due under the Franchise Agreement, the plaintiffs filed a Complaint against us for breach of contract, breach of implied covenant of good faith and fair dealing, intentional fraud, negligent misrepresentation, violation of §17200 et seq of California Business and Professions Code, intentional interference with prospective economic advantage and negligent interference with prospective economic advantage alleging we made misrepresentations to the plaintiffs and failed to disclose all expenses that the plaintiffs would have to pay to us when the plaintiff's purchased their franchise The plaintiffs sought compensatory damages in the amount of $100,000, and other damages and costs On July 9, 2014, we filed an Answer to the Complaint denying all of the allegations in the Complaint On September 2, 2014, we filed a Cross-Complaint against the plaintiffs demanding the fees due to us under the Franchise Agreement and our attorneys' fees and costs On August 12, 2015, a Stipulated Judgment for $142,627 08 was entered in our favor against DLKT, Inc

Other than the one matter disclosed above, no litigation is required to be disclosed in this Item

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item

ITEM 5
INITIAL FEES

Single Business Program

You must pay us an initial franchise fee (the "**Initial Franchise Fee**") of $10,000 for your Franchised Business The Initial Franchise Fee is payable in full when you sign the Franchise Agreement, is fully earned when paid and is not refundable The Initial Franchise Fee will be used to compensate us for our expenses related to your selection as a franchisee, our initial training program, our manuals, office forms and associated resources and as working capital and profit for us We reserve the right to negotiate different Initial Franchise Fees in our discretion

Area Development Program

If you purchase an Area Development Franchise, you will sign a separate Franchise Agreement and pay us an Initial Franchise Fee of $10,000 for the first Franchised Business you will open under the Development Agreement and $5,000 for the second and third Franchised Businesses you will open under the Development Agreement when you sign the Development Agreement These payments will remain constant even if in the

future we charge a higher Initial Franchise Fee to new franchisees The Initial Franchise Fee is fully earned by us when paid and is not refundable under any circumstances

Affiliation Franchise Program

If you purchase an Affiliation Franchise, you will not have to pay us an Initial Franchise Fee Our Affiliation Franchise Program is only available in California

Marketing Package

You must pay us $3,500 for our marketing package for each Franchised Business purchased under the Single Business Program before commencing operation of the Franchised Business If you sign an Area Development Agreement, you must pay us $3,500 for our marketing package for your first Franchised Business before you open the first Franchised Business and must pay us $3,500 for our marketing package for the second and third Franchised Businesses prior to opening the second and third Franchised Businesses Our marketing package includes indoor branded materials, a mascot costume, and a branded arrow

Errors & Omissions Insurance Reimbursement

You will be included on Franchisor's errors and omissions coverage under our group errors and omissions insurance policy You will no longer need to maintain your own errors and omissions policy Your pro-rata annual costs will equal the annual premium for the group policy divided by the number of our franchisees who participate in the group policy coverage The premium payment for the errors and omission coverage occurs annually in February of each year The premium is fully earned when paid and is not refundable

ITEM 6
OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Insurance Commissions We Retain (Note 1)	We will retain between 20% - 25% of Gross Insurance Revenue you receive from insurance carriers for policies you sell or a minimum sum of $250 per month whichever is greater We are not entitled to any Commissions during the first 6 months that you operate an Affiliation Franchise	Monthly on the 10th day of each month for the previous month	Gross Insurance Revenue includes all commissions from sale of insurance Our Affiliation Franchise Program is only available in California
Policy Manager Software Licensing Fee (Note 2)	$200	Monthly on the 10th day of each month for the previous month	First payment will be due to PMC after you begin operating your Franchised Business The Policy Manager Software Licensing Fee is subject to increase on 30 days advance written notice from us

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Insurance Ratings Software Licensing Fee (Note 3)	$100 - $250	Monthly on the 10th day of each month for the previous month	First payment due prior to opening to our approved vendor in your state
Set Up Fees	$5 - $15 per new policy	Daily	You will pay us a set up for each insurance policy you write where state law allows
Tax Preparation Royalty Fee (Note 4)	We will retain $30 per tax return if you use your own EFIN number and $40 per tax return if you use our EFIN number	Monthly on the 10th day of each month for tax returns filed during the previous month	We will invoice and collect all fees ("Gross Tax Return Revenue) due from your clients for the tax returns you prepare We will provide you with a report and reconciliation of tax returns filed during the previous month
Tax Return Preparation Software	$500	$250 on December 10th and $250 on January 10th of each year	You must pay us for the tax preparation software that you will use in preparing individual federal and state tax returns You must pay us $250 for the tax preparation software on December 10th and $250 on January 10th of each year during the term of your Franchise Agreement
Monthly Advertising Contribution to a regional or national marketing fund ("Marketing Fund") (Only required for California franchisees as of the issuance date of this Disclosure Document)	We will retain the amount we designate and require (the "**Monthly Advertising Contribution**"), which is currently $1,000 per calendar month in California, but will not exceed $2,000 per calendar month for any Fiesta franchisee New Fiesta franchisees are entitled to a one-time discount in the amount of the Monthly Advertising Contribution during the first year after the opening of a Franchised Business **Months 1 – 6** No Monthly Advertising Contribution	Monthly on the 10th day of each month	We may, in the future, at our option, establish other regional or national Marketing Funds to conduct advertising and promotional activities for Fiesta Insurance Franchised Businesses If we do so, you must make a Monthly Advertising Contribution to the Marketing Fund

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	Months 7 – 12 50% of Monthly Advertising Contribution **Months 13 +** 100% of Monthly Advertising Contribution		
Local Advertising Expenditure	To be determined by you	Payable during each month	Paid to vendors
Loan Payments	We will retain the payments due to us from the Gross Insurance Revenue or Gross Tax Return Revenue	Monthly on the 10th day of each month	See Item 10
Gross-Up Fees	To be determined, on a case by case basis	Upon demand	To insure that we receive the full amount of payment due to us based on the operation of your Franchised Business you must pay us, we may directly deduct from the Gross Insurance Revenue or Gross Tax Return Revenue due to you, or require that you pay us, whether in arrears, in advance, in a lump sum or in a manner prescribed by us, the amount of all taxes we must pay on revenue we earn or collect based upon your use of our intellectual property or other intangibles or based upon the existence of the Franchise Agreement
Renewal Fee	$5,000 - 10,000	Before renewal term begins	You must sign our then- current Franchise Agreement If you sign a Development Agreement, you will pay $10,000 to renew your first Franchise Agreement and $5,000 each to renew your second and third Franchise Agreement
Transfer Fee	$5,000, plus our out of pocket costs associated with the transfer, including our attorneys' fees	At the time of transfer	Payable if you transfer or assign your rights under your Franchise Agreement or Area Development Agreement For some qualifying transfers, no transfer fee will be charged

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Interest (Note 5)	10% – 15%	Immediately upon receipt of invoice	We may charge interest on unpaid amounts at a rate not to exceed the maximum rate allowed by law
Fee for Lost Manuals	$1,000 for each Manual	Immediately upon receipt of invoice	Upon the theft, loss or destruction of any of the Manuals, a replacement copy will be loaned to you at a fee of $1,000 for each Manual
Website User and Maintenance Fee	$150 - $250 per year	Immediately upon receipt of invoice	The websites include www FiestaInsurance com, www FiestaAgents com, www FiestaFranchise com www FiestaTax com, and www FiestaUniversity com
Additional/Remedial Training Programs	Varies, but not to exceed $500 per day	As incurred	You and all of your supervisorial or managerial employees who will have direct contact with your clients must attend all additional courses, seminars and other training programs we require You must pay us a fee to defray our costs for these programs, plus our actual out of pocket expenses You must pay the costs of transportation, lodging, meals and wages for you and your supervisorial or managerial employees
Franchisee Conventions	$500-$750 per franchise owner and $200-$300 per additional staff member attending	As incurred	We may require you and your owners or other supervisorial or managerial employees to periodically attend franchisee conventions You must pay us a fee to defray our costs for these programs You must pay the costs of transportation, lodging, meals and wages for you and your supervisorial or managerial employees
Advertising Reimbursement	To be determined	Payable monthly on the 10th day of the next month	You must reimburse us for 100% of the actual payments we make to others for pre-approved advertising expenses

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Third Party Fees Reimbursement	To be determined	Payable monthly on the 10th day of the next month	You must reimburse us for the actual or pro-rata expenses we incur on your behalf or on behalf of your customers for fees such as motor vehicle reports, licensing fees, clue reports, and the like
Indemnification	Actual cost to us	Immediately upon receipt of invoice	You indemnify and hold us harmless from all damages (including reasonable attorneys' fees and costs), from claims brought by third parties involving your ownership or operation of your Franchised Business This indemnity obligation continues in full effect after the expiration or termination of your Franchise Agreement
Enforcement Costs	Our actual costs, including accountants and attorneys' fees, plus a fine of $10,000 for breach of Articles 9 and 15 of the Franchise Agreement	Upon settlement or conclusion of claim or action	You will pay all damages, costs and expenses including attorneys' fees, incurred by us subsequent to the termination or expiration of the franchise in obtaining injunctive relief or for enforcement of provisions in Articles 9, 13, 14, 15, 16 and 19 under your Franchise Agreement
Audit Expenses	Cost of audit and interest on underpayment at 10% per annum or the maximum rate permitted by law which may range from $1,000 - $5,000 or more	Upon Demand	Payable if you under report Gross Franchise Revenue by 1% or more
Accounting Violation Penalty	$10	Upon Demand	To reimburse us for our costs and expenses associated with processing an accounting violation by you
Scanning Violation Penalty	$25	Upon Demand	To reimburse us for our costs and expenses associated with processing a scanning violation by you

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Deposit Violation Penalty	$50	Upon Demand	To reimburse us for our costs and expenses associated with processing a deposit violation by you
Fee to Review Proposed Public Offering	$5,000	Upon Demand	To reimburse us for our costs and expenses associated with reviewing the proposed offering

Except for attorneys' fees established by a Court, all fees are uniformly imposed by and are payable to us, unless otherwise noted No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any third party All fees paid to us are uniformly imposed and are non-refundable Fees payable to third parties are refundable based on your individual arrangements

NOTES

NOTE 1 We will retain between 20% - 25% of the Gross Insurance Revenue you receive from insurance carriers for policies you sell or a minimum sum of $250 per month, whichever is greater We are not entitled to any Commissions during the first 6 months that you operate an Affiliation Franchise We will establish and maintain exclusive control over separate trust and operating bank accounts into which we will deposit all insurance commissions you originate from the sale of insurance After the Gross Insurance Revenue is deposited into our trust account, we will calculate the amount of commissions and brokers fees due to you You will receive 75% - 80% of the Gross Insurance Revenue depending on the amount of the total monthly commission as follows

Total Monthly Commission	Your Percentage
$0 - $15,000	75%
$15,001 +	80%

If you open a second Franchised Business, you will receive an additional 2 5% commission in addition to the monthly commissions described above for both the first and second Franchised Businesses owned by you for that month If you open 3 or more Franchised Businesses, you will receive an additional 5% commission in addition to the monthly commissions described above for all Franchised Businesses owned by you for that month

We will establish separate producer codes to track all insurance commissions you originate The Company and you will both pay all charge-backs and unearned insurance commissions on a pro-rata basis in accordance with the Company's and your respective share of the Gross Insurance Revenue We may indirectly retain additional insurance sales commissions for **'targeted market'** insurance program policies We may offer a bonus plan (calculated in accordance with a bonus plan agreement which we may develop) to reward you based on factors including insurance commissions growth with selected insurance companies, for increasing levels of direct-billed insurance commissions, for policy/consulting fees billed and collected by agents, and for commissions on policies issued These bonuses in effect may operate to reduce the percent of total Commissions you pay us

Our Affiliation Franchise Program is only available in California

NOTE 2 You must pay PMC a $200 monthly Policy Manager Software Licensing Fee for the Policy Manager software We collect the Policy Manager Software Licensing Fees from you and forward your payments to PMC The monthly Policy Manager Software Licensing Fee is fully earned when paid and is not refundable The first

payment is due once you open your Franchised Business The Policy Manager software is the paperless office software that will be used in every insurance customer transaction

NOTE 3 You must pay us or our approved vendor in your state $100 - $250 per month for Insurance Ratings software The Insurance Ratings software is industry specific software that is necessary for providing customer quotes

NOTE 4 We will retain $30 for each tax return you file on behalf of a taxpayer for tax returns filed during the previous month as a tax preparation royalty fee ("**Tax Preparation Royalty Fee**") If you use our EFIN number, we will retain $40 for each tax return you file on behalf of a taxpayer on the 10th day of each month for tax returns filed during the previous month as a Tax Preparation Royalty Fee We will provide you with a report and reconciliation of all tax returns filed each month by the 10th day of each month for tax returns filed during the previous month If you provide a customer with Bank Products, the Tax Preparation Royalty Fees will be paid to us electronically by the Financial Vendor with no efforts by you You will execute one or more ACH Payment Authorizations (or another form as we or the Financial Vendor require) and provide us with the bank name, routing number, account number and bank address authorizing the electronic payment of our fees at the time those monies are electronically disbursed to you by the third-party Bank Product supplier We will coordinate setting up the routing of funds via the Financial Vendor These disbursements of funds via the Financial Vendor generally occur every other business day during the peak of the Tax Season and changes to twice a week during the non-peak Tax Season

NOTE 5 If you fail to pay us any amount when due, you must pay us, in addition to the overdue amount, interest on the overdue amount at a rate not to exceed the maximum rate allowed by law until the past due amount is paid We may, upon your request, and in our sole discretion, allow you additional time to pay us the amount you owe us, however, we may still charge you interest until the entire amount is paid Furthermore, if you fail to pay us any amount when due, we may, in our discretion, also refuse to honor check requests, commission draws and other requests you may make until the past due amount with any accrued interest has been paid

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ITEM 7
ESTIMATED INITIAL INVESTMENT

SINGLE BUSINESS PROGRAM

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF FEE	AMOUNTS	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	$10,000	Lump Sum	When you sign your Franchise Agreement	Us
Travel & Living Expenses While Training	$0 - $1,500	As Incurred	During Training	Transportation Provider, Hotels & Restaurants
Real Estate & Improvements (Note 2)	$2,000 - $10,000	Lump Sum and as incurred	Before Opening and as incurred	Landlords and vendors
Furniture & Equipment (Note 3)	$4,082 - $5,749	Lump Sum	Before Opening	Vendors
Computer Equipment (Note 3)	$2,680 - $5,359	Lump Sum	Before Opening	Vendors
Signs	$1,000 - $6,000	Lump Sum	Before Opening	Vendors
Insurance Coverage (Note 4)	$500 - $3,000	Lump Sum or Installments	Before Opening and as arranged	Insurance carrier or finance company
Miscellaneous Opening Costs (Note 5)	$0 - $1,000	Lump Sum	Before Opening	Utilities, Vendors, Licensing, etc
Marketing Package Fee (Note 6)	$3,500	Lump Sum	Before Opening	Us or our affiliate
Policy Management Software Licensing Fee, Insurance Rating Software Licensing Fee (Note 7)	$900 - $1,350	As Incurred	Fees for Your First Month of Operations are Payable After Opening	An approved vendor, Us or an affiliate
Additional Funds – 3 months (Note 8)	$25,000 - $60,000	Cash	As Incurred	Employees, Vendors, Us, etc
TOTAL ESTIMATED INITIAL INVESTMENT (Note 8)	**$49,662 to $107,458**			

AREA DEVELOPMENT PROGRAM (3 FRANCHISED BUSINESSES)

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF FEE	AMOUNTS	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	$10,000 for the first Franchised Business and $5,000 for the second and third Franchised Businesses	Lump Sum	When you sign your Development Agreement.	Us
Travel & Living Expenses While Training	$0 - $4,500	As Incurred	During Training	Transportation Provider, Hotels & Restaurants
Real Estate & Improvements (Note 2)	$6,000 - $30,000	Lump Sum and as incurred	Before Opening and as incurred	Landlords and vendors
Furniture & Equipment (Note 3)	$12,246 - $17,247	Lump Sum	Before Opening	Vendors
Computer Equipment (Note 3)	$8,040 - $16,077	Lump Sum	Before Opening	Vendors
Signs	$3,000 - $18,000	Lump Sum	Before Opening	Vendors
Insurance Coverage (Note 4)	$1,500 - $9,000	Lump Sum or Installments	Before Opening and as arranged	Insurance carrier or finance company
Miscellaneous Opening Costs (Note 5)	$0 - $3,000	Lump Sum	Before Opening	Utilities, Vendors, Licensing, etc
Marketing Package Fee (Note 6)	$3,500	Lump Sum	Before Opening	Us or our affiliate
Policy Management Software Licensing Fee, Insurance Rating Software Licensing Fee, Tax Return Preparation Software Fee (Note 7)	$1,400 - $1,850	As Incurred	After Opening	An approved vendor, Us or an affiliate

TYPE OF FEE	AMOUNTS	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Additional Funds – 3 months (Note 8)	$78,000 - $180,000	Cash	As Incurred	Employees, Vendors, Us, etc
TOTAL ESTIMATED INITIAL INVESTMENT (Note 8)	**$123,686 - $303,174**			

AFFILIATION FRANCHISE PROGRAM (ONLY AVAILABLE IN CALIFORNIA)

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF FEE	AMOUNTS	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	If you purchase an Affiliation Franchise, you will not have to pay us an Initial Franchise Fee	Not Applicable	Not Applicable	Not Applicable
Travel & Living Expenses While Training	$0 - $1,500	As Incurred	During Training	Transportation Provider, Hotels & Restaurants
Real Estate & Improvements (Note 2)	$0 - $10,000	Lump Sum and as incurred	Before Opening and as incurred	Landlords and vendors
Furniture & Equipment (Note 3)	$0 - $5,749	Lump Sum	Before Opening	Vendors
Computer Equipment (Note 3)	$0 - $5,359			
Signs	$500 - $6,000	Lump Sum	Before Opening	Vendors
Insurance Coverage (Note 4)	$0 - $3,000	Lump Sum or Installments	Before Opening and as arranged	Insurance carrier or finance company
Miscellaneous Opening Costs (Note 5)	$0 - $1,000	Lump Sum	Before Opening	Utilities, Vendors, Licensing, etc
Marketing Package Fee (Note 6)	$3,500	Lump Sum	Before Opening	Us or our affiliate

TYPE OF FEE	AMOUNTS	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Policy Management Software Licensing Fee, Insurance Rating Software Licensing Fee (Note 7)	$900 - $1,350	As Incurred	Fees for Your First Month of Operations are Payable After Opening	An approved vendor, Us or an affiliate
Additional Funds – 3 months (Note 8)	$1,000 - $5,000	As Incurred	As Incurred	Employees, Vendors, etc
TOTAL ESTIMATED INITIAL INVESTMENT (Note 8 and Note 9)	**$5,900 - $42,458**			

NOTE 1. The Initial Franchise Fee is further described in Item 5 of this Disclosure Document We do not finance any portion of your Initial Franchise Fees under the Area Development Program If you purchase an Affiliation Franchise, you will not have to pay us an Initial Franchise Fee Our Affiliation Franchise Program is only available in California

NOTE 2 If you do not own suitable office facilities, you may lease office facilities for your agency Typical locations are high visibility retail areas, adjacent to chain grocery stores, and strip malls The typical Franchised Business occupies 750 to 1,200 square feet Rent is estimated to be between $1,000 to $3,000 per month depending on factors such as size, condition, and location of the leased premises You will, in most cases, already have a site for your existing independent business if you purchase an Affiliation Franchise and will already have established your expenses for the site for rent and related occupancy charges which are not included in this item, however, you will have to remodel your office and purchase new furniture and equipment for your Affiliation Franchise If you purchase an Affiliation Franchise, we will, in our sole discretion, both as to the decision to pay and the amount of the payment, pay up to $20,000 of the cost to remodel your Franchised Location to conform to our current corporate design standards Our Affiliation Franchise Program is only available in California

NOTE 3 Equipment costs are estimates We have negotiated reduced furniture and technology packages for you We will provide you with a choice of 3 furniture packages and 3 technology packages that you must choose from and purchase from the vendors we designate Your actual costs will depend on the packages you purchase which vary by the number and quality of computer stations, desks, chairs, computers, etc This estimate includes the costs of the all required equipment from whichever package you choose You must purchase, at a minimum, four work stations, 2 Brother MFC printers, 2 LCD monitors, 2 desktop towers, 2 Logitech Media Combos, 2 iPads, and a Fiesta Kids Wall Decal, Kids Floor Mat, Kids Storage Unit and Kids table for the lobby/kids club area in your office If you purchase an Affiliation Franchise, we will, in our sole discretion, both as to the decision to pay and the amount of the payment, pay up to $20,000 of the cost to remodel your Franchised Location to conform to our current corporate design standards Our Affiliation Franchise Program is only available in California

NOTE 4 You will be included on our errors and omissions policy after you sign your Franchise Agreement and will no longer maintain your own errors and omissions policy However, you must obtain and maintain all of

the following insurance coverage (a) broad form comprehensive general liability coverage, (b) worker's compensation (as required by law), (c) unemployment insurance covering your employees, (d) fire, flood, earthquake and extended coverage insurance on your office and your property in an amount adequate to replace them if there is an insured loss, (e) business interruption insurance in reasonable amounts, (f) state disability insurance for your employees (as required by law), and (g) Employment Practices Liability Insurance If you purchase an Affiliation Franchise, you will, in most cases, already have insurance coverage in effect for your business, however, you must ensure that your existing insurance coverage meets our standard requirements

NOTE 5 Miscellaneous opening costs include security deposits, utility costs, licensing fees, appointment costs and beginning cash on hand

NOTE 6 You must pay us $3,500 for our marketing package for a Franchised Business purchased under the Single Business Program before commencing operation of the Franchised Business If you sign an Area Development Agreement, you must pay us $3,500 for our marketing package for your first Franchised Business before you open the first Franchised Business and must pay us $3,500 for our marketing package for the second and third Franchised Businesses prior to opening the second and third Franchised Businesses

NOTE 7 You must pay $200 per month to PMC as a Policy Manager Software Licensing Fee (which we collect from you and forward to PMC), $100 - $250 per month to us or our approved vendor as an Insurance Ratings Software Licensing Fee, and $500 to us for the tax preparation software the you will use in preparing individual federal and state tax returns, which is payable as follows $250 on December 10th and $250 on January 10th of each year

NOTE 8 You must, at all times, maintain adequate reserves and working capital sufficient for you to fulfill all of your obligations under your Franchise Agreement and to cover the risks and contingencies of your Franchised Business for at least 3 months The estimates provided above include estimated Set Up Fees you will pay us for each insurance policy you write, where state law allows, Tax Preparation Royalty Fees you pay us your Monthly Advertising Contributions, payable to the Marketing Fund, as applicable, local advertising expenditure, third party fees reimbursement), employee wages, facility expenses and other miscellaneous expenses incurred before opening and during the first 3 months of operations These estimates do not take into account the finance charges, interest and related costs you may incur if any portion of the initial investment is financed or all other recurring monthly operating expenses These amounts are the minimum recommended levels to cover operating expenses for 3 months We cannot guarantee that you will not have additional expenses starting the business Your costs will depend on how closely you follow the Franchised Business system standards, your management skill, experience and business acumen, local economic conditions, the acceptance by local consumers of our approved services, prevailing wage rates, competition, etc Additional working capital may be required if revenues are low or fixed costs are high The disclosure laws require us to include this estimate of all costs and expenses to operate your Franchised Business during the "**initial phase**' of your business, which is defined as a 3 month period or longer period if "**reasonable for the industry**" We are not aware of any established longer "**reasonable period**' for the insurance and tax return preparation industry, so our disclosure covers a 3 month period We make no guarantee, and do not intend to imply, that 3 months is a '**break even**" point for you to recover your initial investment in your Franchised Business We make no representation regarding how long it will take you to recover your initial investment or to become profitable We relied on our principals' 18 years of experience in the insurance services business to compile these estimates You should review these figures carefully with a business advisor before making any decision to purchase the franchise

NOTE 9 If you purchase an Affiliation Franchise, we will, in our sole discretion, both as to the decision to pay and the amount of the payment, pay up to $20,000 of the cost to remodel your Franchised Location to conform to our current corporate design standards Our Affiliation Franchise Program is only available in California

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, you have no obligation to purchase or lease from us or from suppliers approved by us or according to specifications we issue

Insurance Products and Services

Under the Franchise Agreement, you are granted the non-exclusive right, and undertake the obligation, to use the Proprietary Marks and the Fiesta System solely in connection with the operation of one Fiesta insurance agency and retail tax preparation and tax filing business You must offer only those services that we specify in the manner we specify You may not offer products or services that we do not designate as approved products and services without our prior written approval. You may only solicit the sale of insurance exclusively on our behalf You may only sell policies with insurance carriers we approve and may only use premium financing companies that we approve, and may not enter into contracts with any insurance companies or financing companies that we have not approved

Although we may represent numerous insurance companies, you are restricted to using insurance companies that we approve for your use We may offer a bonus plan (calculated in accordance with a bonus plan agreement which we may develop) based upon your insurance commissions growth with selected insurance companies or other established criteria Our affiliate, Bravo, is an approved supplier of insurance, but is not the only approved supplier of insurance Bravo's total revenue from supplying insurance to our franchisees for the fiscal year ending April 30 2016 was $0, which was 0% of Bravo's total revenue of $713,000 00 Bravo pays us 15% of the written premium for each policy issued The source of this information is the financial books and records of Bravo Our Chief Executive Officer, John Rost, owns an interest in Bravo

We select approved insurance companies at our discretion In selecting insurance companies, we consider a number of factors including the insurance companies' product lines, the geographic regions in which the insurance companies transact business, the need for the insurance companies' products by our franchisees, the insurance companies production and/or loss ratio requirements, the compensation programs offered by the insurance companies, the services offered by the insurance companies to us and our franchisees, and the insurance companies' financial strength We may change your list of approved insurance companies at any time for any reason including to accommodate our insurance companies, to reduce insurance companies' risk concentration, to match insurance companies with the types of volumes of purchases that you make, because we may discontinue doing business with an insurance companies and because we or an affiliate may offer the same service Any change to your list of approved insurance companies will be effective immediately upon written notice to you The list of our currently approved insurance companies is contained in the Operating Manual.

Your list of approved insurance companies will include guidelines that we have developed for contacting insurance companies, obligating insurance companies and for distributing insurance companies' manuals or materials We will negotiate all contracts with approved insurance companies, including compensation paid by insurance companies for the sale, renewal, service or delivery of policies Although we attempt to negotiate favorable terms with approved insurance companies, we cannot guarantee that we will obtain a contract with any particular insurance company, nor can we guarantee that it will be under the most favorable terms offered by an insurance company

If you desire to recommend an insurance company with whom we currently do not conduct business, you must submit a written request to us for approval of the proposed insurance company, together with all other information that we may reasonably require, or request the insurance company itself to do so We may inspect and evaluate the insurance company's products before we approve or disapprove your proposed insurance

company, and you must pay all of our reasonable costs and expenses incurred in doing so An insurance company must demonstrate to our reasonable satisfaction that it is in good financial standing in the business community and that its products are reliable We will provide you with our standards and our criteria for approval of insurance company upon request and will approve or disapprove a proposed insurance company in 60 - 90 days We will notify you if and when we no longer approve a previously approved insurance company An insurance company must continually adhere to our standards and specifications to maintain its approval

We may derive revenue through advertising allowances, prizes, override insurance commissions, profit sharing insurance commissions, bonus insurance commissions or similar payments from insurance companies We may pay certain Fiesta franchisees shares of any advertising allowances, prizes, override insurance commissions, profit sharing insurance commissions, bonus insurance commissions, or similar payments made by insurance companies to us based on our franchisees sales volumes and overall performance The amounts and types of these payments we receive vary by supplier and may vary from year to year Typically these amounts are not associated with the sale of a specific policy by you, but are contingent upon factors like sales volume, premium volume, profitability and other special concessions negotiated by us

You must purchase through our web portal, all advertising items or office supplies with our logo, such as stationery, business cards, signage, and envelopes, from our approved supplier Your cost for office supplies with our logo will be your pro rata share of our production costs plus shipping charges

Our total revenue from the sale of required materials to our franchisees for the fiscal year ending April 30, 2016 was $388,950 00 or 1 85% of our total revenue in the amount of $21,041,329 00

You must license the Policy Manager Software from PMC You must pay PMC a monthly fee for the use of the Policy Manager Software, which we will collect from you and forward to PMC The monthly fee is currently $200 and is subject to change on 30 days advance written notice to you PMC s total revenue from its software licensing with our franchisees for the fiscal year ending April 30, 2016 was $336,000 00, which was 100% of PMC's total revenue of $366,000 00 The source of this information is the financial books and records of PMC Our Chief Executive Officer, John Rost, owns an interest in PMC

In addition, you must license any Insurance Rating Software that we designate for the state where your Franchised Business is located You will pay us or our designated supplier a monthly fee for the use of the Insurance Rating Software The cost of this software varies from state to state As of the date of this Disclosure Document, the costs range from $100 to $250 per month and is subject to change on 30 days advance written notice to you from us

We anticipate that the cost of these items will represent 30% of your total purchases in establishing the Franchised Business and 20% of your total purchases during operation of the Franchised Business

You may only solicit the sale of insurance exclusively on our behalf, may only sell policies with insurance carriers we approve and may only use premium financing companies that we approve If you do not do so, you will breach your Franchise Agreement and be subject to possible termination and other remedies under applicable law We anticipate that there will be no cost for these services in any of your startup expenses, but will represent 100% of your supplier relationships in operating the Franchised Business on an on-going basis

Although we attempt to negotiate favorable terms with approved insurance companies, we cannot guarantee that we will obtain a contract with any particular insurance company, nor can we guarantee that it will be under the most favorable terms offered by an insurance company We do, however, try to increase commissions and decrease expenses for you as our business expands We do not negotiate purchase agreements with other suppliers for your benefit You will not receive any material benefits from us or any supplier

Other than the requirements stated above, you are not required to purchase or lease any other item from any particular supplier To use our Policy Manager software, you will need at least one personal computer with Internet access and Microsoft Internet Explorer 9 or greater The computer that you select for the Franchised Business must have an anti-virus program installed in it You will be responsible for purchasing, licensing, installing and maintaining all computer software and equipment that you own

There are no other approved suppliers in which any of our officers owns an interest

We do not have or sponsor any purchasing or distribution cooperatives, although we reserve the right to do so in the future

You must obtain a licensing application from all persons you wish to employ or with whom you wish to contract to sell insurance for the Franchised Business Each application must require the applicant to provide the following information, among other things (i) references, (ii) background investigations, (iii) information to determine the applicant s insurance professionalism, and (iv) information sufficient to determine whether the applicant would be suitable according to your Franchised Business circumstances and situation at the time of application You are responsible to ensure the applicant is suitable consistent with our standards, as specified in your Franchise Agreement and the Confidential Operations Manual.

Many aspects of the operation of your Franchised Business are subject to our methods and procedures You must comply with all mandatory methods and procedures (whether contained in the Confidential Operating Manual or any other written communication) in the operation of your Franchised Business You must comply, at your expense, with all local, state and federal codes, regulations, ordinances, rules and orders applicable to the Franchised Business

Electronic Filing of Tax Returns

You must offer electronic tax return filing services using only those approved suppliers of electronic tax return filing services and providers of tax preparation software as we may designate You must receive a valid EFIN from the IRS in order to take advantage of electronic filing or must use our EFIN until you obtain your own EFIN We may derive revenue in the form of allowances or rebates from suppliers providing tax preparation software packages

Bank Products

You must offer Bank Products to customers Bank Products include refund anticipation checks/electronic refund checks You must offer only the Bank Products we designate, and only from the Financial Vendors and other suppliers of Bank Products that we designate You may not offer any Bank Products or use any suppliers of these or similar bank products other than those we designate You must also use Financial Vendors or suppliers that we will designate for the promotion, offering and provision of Bank Products We are not affiliated with these Financial Vendors or suppliers However, we reserve the right to derive revenue from these Financial Vendors in the form of allowances from the sale of Bank Products from the Financial Vendors to your customers or tax filers During the fiscal year ending April 30, 2016, we received $$181,618 00 in revenue from the sale of Bank Products

We have the sole right to select the institutions providing Bank Products, and we may discontinue our arrangements with Bank Product providers at any time for any reason without incurring any liability to you Currently, we have a contractual arrangement with Santa Barbara Tax Products Group We provide the Financial Vendors with access to Fiesta Tax Service customers and technology support The Financial Vendor requires Fiesta franchisees who wish to offer their Bank Products to execute a financial services agreement We, the

Financial Vendor and any other bank provider that we designate, have the right to impose conditions on you with respect to your use of Bank Products, including restrictions on the fees you may charge Your initial application can be denied based upon various factors, such as your consumer credit history or your experience in the use of similar Bank Products in the past In addition, your approval can be suspended or even terminated for having excessive loan loss ratios or for violating Federal, state and local laws We do not make any warranties or representations with respect to the approval process with the Financial Vendors or any other Bank Product provider that we may designate in the future The Bank Products we authorize, the institutions and suppliers providing those Bank Products, and the terms of the agreements (with the third party institutions and suppliers) for those Bank Products, may change in future Tax Seasons If you are unable or unwilling to offer required Bank Products, we have the right to terminate your Franchise Agreement

We own all information received and generated from and about the clients you acquire through the operation of your Franchised Business, including information about all insurance customers and renewal customers of policies written by you during the term and tax preparation and filing information about your clients ("**Book of Business**") If you purchase an Affiliation Franchise, you must assign and transfer your current insurance company appointments to us to allow us to work with our carrier relationships to have all of your current insurance company appointments increased up to our higher commission levels, wherever possible, during the affiliation process

Computer System and Tax Return Preparation Software

We may designate, or require you to use, vendors for the tax preparation software used in connection with your Franchised Business Currently, we require you to use RightWay Tax Solutions for these purposes We may, however, select an alternate software provider, and we may discontinue our arrangements with our software provider at any time for any reason without incurring any liability to you Our designated software provider may charge your customers fees, such as electronic filing fees and/or transmission fees

Credit Cards

You are required to honor all credit, charge, courtesy and cash cards approved by us in writing To the extent you store, process, transmit or otherwise access or possess cardholder data in connection with selling Fiesta Insurance Products and Services, you are required to maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("**PCI DSS**"), currently found at www pcisecuritystandards org for the protection of cardholder data throughout the Term of your Franchise Agreement You are responsible for the security of cardholder data in the possession or control of any of subcontractors you engage to process credit cards All subcontractors must be identified to and approved by us in writing prior to sharing cardholder data with the subcontractor You must, if requested to do so by us, provide appropriate documentation to us to demonstrate compliance with applicable PCI DSS requirements by you and all identified subcontractors

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ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and Area Development Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a Site selection & acquisition/lease	Section 5 of the Franchise Agreement, Section 6 1 of the Area Development Agreement	11
b Pre-opening purchases/leases	Section 4 2 of the Franchise Agreement	5, 6, 7, 8, 11
c Site development & other pre-opening requirements	Section 5 of the Franchise Agreement, Section 6 of the Area Development Agreement	11
d Initial & ongoing training	Section 6 of the Franchise Agreement	11
e Opening	Section 5 of the Franchise Agreement.	11
f Fees	Sections 2 2 8, 4, 6 2, 11 1, 13 2, 14 3 5, 15 5 and 15 6 of the Franchise Agreement, Sections 5 and 7 of the Area Development Agreement	5, 6, 7
g Compliance with standards/Operating Manual	Sections 1 5, 1 6, 5 3, 7 2, 7 3 and 9 of the Franchise Agreement	11
h Trademarks & proprietary information	Sections 9 8, 10 and 11 of the Franchise Agreement.	8, 11, 13, 14
i Restrictions on products/services offered	Sections 2 and 7 of the Franchise Agreement	8, 16
j Warranty & customer service requirements	Section 9 4 of the Franchise Agreement	11
k Territorial development & sales quotas	Sections 2 2, 7 4 and 8 3 of the Franchise Agreement, Section 2 1 of the Area Development Agreement	12
l Ongoing product/service purchases	Section 4 of the Franchise Agreement	8
m Maintenance, appearance, and remodeling requirement	Section 5 of the Franchise Agreement	8
n Insurance	Section 12 of the Franchise Agreement	7, 8
o Advertising	Section 13 of the Franchise Agreement	6, 7, 8, 11
p Indemnification	Sections 15 6, 16 4 and 18 2 of the Franchise Agreement, Section 10 2 of the Area Development Agreement	6
q Owner s participation/management/staffing	Section 7 3 of the Franchise Agreement	15
r Records/reports	Section 4 13, 9 2, 9 3 and, 9 9 of the Franchise Agreement	6
s Inspections/audits	Sections 9 2 and 9 3 of the Franchise Agreement	6, 11

OBLIGATION	SECTION IN FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
t Transfer	Section 14 of the Franchise Agreement, Section 7 of the Area Development Agreement	17
u Renewal	Section 2 of the Franchise Agreement, Sections 4 2 and 4.3 of the Area Development Agreement	17
v Post-termination obligations	Section 16 of the Franchise Agreement, Section 8 of the Area Development Agreement	17
w Non-competition covenants	Sections 9 and 17 of the Franchise Agreement, Section 8 of the Area Development Agreement	17
x Dispute resolution	Section 21 of the Franchise Agreement, Section 12 of the Area Development Agreement	17
y Guaranty of obligations	Sections 4 1, 14.10 and Exhibit C of the Franchise Agreement	15
z Computer hardware and software	Section 4 1 4, 9 1 of the Franchise Agreement	8, 11 and 16
aa Security Interest	Section 4 17 of the Franchise Agreement	n/a

ITEM 10
FINANCING

We do not provide financing for the Initial Franchise Fee for your first Franchised Business or for an Area Development franchise We may, at our option, loan money to qualified franchisees who are already owners and operators of one or more Franchised Businesses for the purchase of additional Franchised Businesses Typical loans will be between $10,000 - $40,000 and will be payable in full in 36 months Interest on the amount we loan you will be at a rate equal to the ' Prime Rate" of interest as published by the Western Edition of the Wall Street Journal, plus 2% - 6%, depending upon the creditworthiness of the purchaser Currently, the Prime Rate is 3 25% Repayment of the Promissory Note will be secured by the assets of all of your Franchised Businesses under a Security Agreement in the form attached to the Franchise Agreement as **Exhibit H** The form of Promissory Note that will be used for these loans is attached to the Franchise Agreement as **Exhibit G** If you are a partnership, limited liability company or corporation, all of your partners, members or shareholders must personally guarantee payment of the Promissory Note The form of Guarantee that will be used for these loans is attached to the Franchise Agreement as **Exhibit D** You and your partners, members or shareholders must also sign a General Release in our favor in substantially the form of **Exhibit I** to the Franchise Agreement You may prepay the Promissory Note with no prepayment penalty If you default under the Promissory Note or the Guarantee, or if you are in default under any of your Franchise Agreements, we may demand immediate payment of all principal and interest due under the Promissory Note You waive all rights of presentment, protest and demand, notice of protest, demand, dishonor and nonpayment of the Promissory Note, notice of acceleration, notice of intent to accelerate, and any and all other similar notices, except the notice of default to be given if you don't make your payments under the Promissory Note We have the right to assign the Promissory Note at any time until the Note is paid in full We do not intend to assign the Promissory Note We intend to remain primarily responsible for providing the financed goods or services to you If we assign the Promissory Note to a third party, you may lose all defenses against us in the event of a dispute

If you purchase an Affiliation Franchise, we will, in our sole discretion, both as to the decision to pay and the amount of the payment, pay up to $20,000 of the cost to remodel your Franchised Location to conform to our current corporate design standards, without any obligation for repayment Our Affiliation Franchise Program is only available in California

With these exceptions, we do not offer direct or indirect financing We do not arrange financing from other sources With this exception, we do not receive direct or indirect payments for arranging financing Commercial paper from franchisees has not been and is not sold to anyone and we have no plans to do so We do not guarantee any notes, leases or obligations to third parties.

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

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

Franchisees and Area Developers

Before you open your Franchised Business we will

1 Review your proposed Site for your Franchised Business (**Franchise Agreement, Section 5, (Area Development Agreement, Section 6 1**)

2 Provide the Initial Training Program (**Franchise Agreement, Section 6**)

3 Provide you with any initial advisory assistance we deem advisable (**Franchise Agreement, Section 3 1**)

4 Lend you a copy of our Operating Manual. (**Franchise Agreement, Section 3 2**) We will allow you to review our Operating Manual before you sign your Franchise Agreement A copy of our Operating Manual is located at our corporate headquarters The Operating Manual contains 103 pages

5 Provide you with our marketing package (**Franchise Agreement, Section 13.1 1**)

6 Provide you with 2 execution copies of the Franchise Agreement for each Franchised Business you commit to opening under the Area Development Agreement when you sign the Area Development Agreement. (**Area Development Agreement, Section 2.1 3**)

7 If you purchase an Affiliation Franchise, we will, in our sole discretion, , both as to the decision to pay and the amount of the payment, pay up to $20,000 of the cost to remodel your Franchised Location to conform to our current corporate design standards (**Franchise Agreement, Exhibit J**

During the ongoing operation of your Franchised Business, we will provide the following assistance to you

1 We will make available training programs as we deem appropriate (**Franchise Agreement, Sections 6 1, 6.2, 6 3 and 6 4**)

2 We will provide continuing advisory assistance to you as we deem advisable (**Franchise Agreement, Section 3 1**)

3 We will provide copies of any modifications to the Operating Manual (**Franchise Agreement, Section 3.2**)

4 We will evaluate the management and operation of your Franchised Business to assist you and to maintain the System s standards of quality and service (**Franchise Agreement, Section 3.1**) You must have personnel who are properly licensed by your state Department of Insurance on-site at all times during normal business hours to transact insurance business You must not leave your office attended by unlicensed personnel during normal business hours, as insurance may only be sold by personnel who are properly licensed by your state Department of Insurance Your failure to adhere to this requirement will violate both your state's Department of Insurance regulations and your Franchise Agreement and may result in the termination of your Franchise Agreement (**Franchise Agreement, Section 9 4 2**)

5 We will invoice and collect all Gross Insurance Revenue, calculate the amount of your Sales Commissions, and pay you the Commissions due on the tenth day of the month following the month in which we received the Gross Insurance Revenue Gross Insurance Revenue includes all "**Insurance Premium Revenue**" due to us from your clients under the insurance policies together with all permitted brokers fees and premiums (**Franchise Agreement, Section 4.3**)

6 We will provide you with a statement setting forth the amount of Gross Insurance Revenue we collect and a calculation of the Commissions due to you (**Franchise Agreement, Section 4.3**)

7 We will account for and process the insurance policies that you sell to your customers (**Franchise Agreement, Section 4 4**)

8 We will invoice and collect all Gross Tax Return Revenue due from your clients for the tax returns you prepare Following our receipt of the Gross Tax Return Revenue from your clients, we will calculate and retain the Tax Preparation Royalty Fees due to us and will pay the remaining amount of the Gross Tax Return Revenue we collected to you by the 10th day of each month following the month in which the Gross Tax Return Revenue is collected We will also provide you with a report and reconciliation of tax returns filed by the 10th day of each month for tax returns filed during the previous month (**Franchise Agreement, Section 4 13**)

9 We may establish and maintain one or more Internet web sites that may be used to provide information about us and the services that we offer We may configure the site to accommodate one or more interior pages on our Web Site which we may dedicate to your Franchised Business (**Franchise Agreement, Section 9.7**) You may not establish a web site for your Franchised Business

10 You will purchase your computer system from the vendors we designate To use the proprietary Policy Manager Software, you must purchase at least one personal computer with Internet access and Microsoft Internet Explorer 5 01 or greater You will be responsible for purchasing, licensing, installing, and maintaining all computer software and equipment that you own (**Franchise Agreement, Section 4.2**)

11 We may, if we determine it is necessary to provide a private method of communication between us, our employees and our franchisees, establish and maintain an Intranet through which we may communicate with each other and you, and through which we may disseminate the Confidential Operating Manual, updates and other confidential information to you (**Franchise Agreement, Section 9 8**)

12 We may hold additional training courses, seminars and other training programs and require you to pay a fee to defray the cost of providing these programs, not to exceed $500 You must pay all travel and living expenses for yourself and any supervisorial or managerial employees that attend these programs Attendance at these meetings may be mandatory (**Franchise Agreement, Section 6 3**)

Advertising

Unless and until we establish and maintain a regional Marketing Fund in your market area or a national Marketing Fund, we are not required to actively advertise or promote your Franchised Business, although we recommend that you do so We may provide, in our discretion and if available, certain advertising and promotional materials to you at no charge if you wish to conduct your own advertising campaigns You may also develop advertising materials for your own use, at your own cost, but we must approve all advertising materials in advance and in writing You are solely responsible for the cost of your advertising, marketing and leads development (**Franchise Agreement, Section 13 1**)

Marketing Package

You will only use our designated marketing materials, business cards, artwork and supplies in promoting insurance and tax return sales You must purchase our marketing package from us before you open your Franchised Business (**Franchise Agreement, Sections 4 13 and 13 1 1**) The marketing package includes indoor branded materials, a mascot costume and a branded arrow

Cooperative Advertising

We have the right, in our discretion, to establish an advertising cooperative in any geographic area or group of geographic areas Currently, there are no advertising cooperatives

Marketing Fund

We established a regional Marketing Fund in 2014 for our California franchisees and a corresponding required Monthly Advertising Contribution, which is currently $1,000 per calendar month We may, in the future, establish other regional Marketing Funds or a national Marketing Fund for other markets If you purchase a franchise from us that will be located in California following the issuance date of this Disclosure Document, or if you are a new or existing franchisee outside of California and we expand the Marketing Fund to cover the market in which you operate your Franchised Business, you must make a Monthly Advertising Contribution to the Marketing Fund in the amount we designate and require, which will not exceed $2,000 per calendar month, to promote and enhance the image, brand identity and patronage of Fiesta Insurance Franchised Businesses (**Franchise Agreement, Sections 4.5 1 and 13 2 1**)

If you are a new Fiesta franchisee, you will be entitled to a one-time discount in the amount of your Monthly Advertising Contribution for one year after the opening date of your Franchised Business, payable as set forth below (**Franchise Agreement, Sections 4.5 2 and 13 2 2**)

Months 1 – 6	No Monthly Advertising Contribution
Months 7 – 12	50% of Monthly Advertising Contribution
Months 13+	100% of Monthly Advertising Contribution

The discount of the Marketing Advertising Contributions will not be available to existing Fiesta franchisees who sign renewal Franchise Agreements or otherwise renew their Franchise Agreements or to buyers of Franchised Businesses from existing Fiesta franchisees (**Franchise Agreement, Sections 4.5.3 and 13 2 3**)

The Marketing Fund will be administered by a Marketing Fund Committee (the "**MFC**") In January of each calendar year, you and our other Fiesta Insurance franchisees will elect or appoint 2 members to the MFC and we will appoint 2 members to the MFC, each of whom will serve for a one-year term The MFC will, by a majority vote, determine the selection and placement of national and regional advertising Each MFC member

will have one vote If the MFC is deadlocked on any matter requiring the vote of the MFC, our Chief Executive Officer, John Rost, will have the sole right to make, and will make, the final decision on any matter requiring the vote of the MFC (**Franchise Agreement, Section 13 2 2)** All expenditures of the Marketing Fund will be at the sole discretion of the MFC The MFC may spend in any calendar year more or less than the total Monthly Advertising Contributions to the Marketing Fund in that year, and any excess may be accumulated for use during subsequent years The MFC may borrow from us or other lenders on behalf of the Marketing Fund to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund (**Franchise Agreement, Section 13 2 6**)

The Marketing Fund will be used to meet the costs of conducting regional and/or national advertising and promotional activities (including the cost of advertising campaigns, test marketing, marketing surveys, public relations activities and marketing materials) which the MFC deems beneficial to the System We are authorized to charge the Marketing Fund fees at reasonable market rates for advertising, marketing or promotional services actually we provide in lieu of engaging third party agencies to provide these services We may employ individuals, consultants or advertising or other agencies, including consultants or agencies owned by, operated by or affiliated with us, to provide services for the Marketing Fund The Marketing Fund may be used to defray direct expenses of our employees related to the operation of the Marketing Fund, to pay for attorney's fees and other costs related to the defense of claims against the Marketing Fund or against us relating to the Marketing Fund, and to pay costs with respect to collecting amounts due to the Marketing Fund Among other things, MFC funds may be used for Web Site development/operation and to pay portal, Internet, Intranet, URL, 800 or similar number, and other charges, fees and/or expenses A brief statement regarding the availability of Fiesta Insurance franchises may be included in advertising and other items produced using the Marketing Fund, which will not otherwise be used to solicit or to sell, Fiesta Insurance franchises to prospective franchisees (**Franchise Agreement, Section 13.2.4**)

The MFC retains sole discretion over all advertising, marketing and public relations programs and activities financed by the Marketing Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation The Marketing Fund may be used to pay the costs of preparing and producing associated materials and programs as we determine, including video, audio and written advertising materials employing advertising agencies, sponsorship of sporting, charitable or similar events, administering regional and multi-regional advertising programs including purchasing direct mail and other media advertising, and employing advertising agencies to assist with marketing efforts, and supporting public relations, market research and other advertising, promotional and marketing activities (**Franchise Agreement, Section 13.2 6**) The Monthly Advertising Contributions are intended to maximize general public recognition of and the acceptance of the Fiesta Insurance brand for the benefit of the System as a whole Consequently, the MFC undertakes no obligation, in administering the Marketing Fund, to make expenditures for any Fiesta Insurance franchisee that are equivalent or proportionate to that franchisee's Monthly Advertising Contribution, or to insure that any particular Fiesta Insurance franchise benefits directly or pro rata from advertising or promotion conducted with the Monthly Advertising Contributions (**Franchise Agreement, Section 13.3.4**) Except for the MFC, there are no Advertising Councils composed of franchisees, although we reserve the right to form them in the future

The MFC will prepare an annual report of the Marketing Fund, at the expense of the Marketing Fund, and send each Fiesta Insurance franchisee a copy of the annual report within 120 days after the end of each fiscal year upon request (**Franchise Agreement, Section 13.2.8**)

The regional Marketing Fund for California made the following expenditures during the fiscal year ended April 30, 2016

Category	Percentage of Expenditures
Administrative	5%
Production	4 54%
Media Placement	95 41%
Other	0%
TOTAL	100%

The Area Development Agreement does not impose any obligation to spend any monies on advertising in addition to any money you may have to spend under the Franchise Agreement

Use of Electronic Media and the Internet

You are not permitted to advertise over the Internet, or through any electronic medium, without our prior written consent (**Franchise Agreement, Section 9 7**) You are not permitted to use the Proprietary Marks as part of an Internet domain name or e-mail address (**Franchise Agreement, Sections 1.2, 9 7 and 10 1**) You may not sell or distribute products through any alternative channel of distribution, including the Internet (**Franchise Agreement, Sections 1 2 and 9 7**)

We have the sole right to market on the Internet and use the Proprietary Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, cobranding and other arrangements, and in all other forms of electronic media You may not separately register any domain name or any portion of a domain name containing the Proprietary Marks or participate or market on any website or other form of electronic media (including social technology, social media and social networking platforms) using the Proprietary Marks unless you first obtain written approval from us Your general conduct on the Internet or other forms of electronic media, including your use of the Proprietary Marks or any advertising, is subject to the terms and conditions of the Franchise Agreement and any other rules, requirements or policies that we may periodically identify

Opening of the Franchised Business

We anticipate that you will open the Franchised Business between 1 - 6 months after you sign a Franchise Agreement The key factor that may affect this time period is the acquisition of an appropriate high visibility site for the Franchised Business and other factors including equipment installation, sign installation, and licensing requirements You must open for business within 5 days after we give notice to you that the Franchised Business is ready for opening, but no later than 6 months from the date you sign the Franchise Agreement (**Franchise Agreement, Section 5.4**) If you sign an Area Development Agreement, you must open all 3 Franchised Businesses under the Development Agreement within 18 months after you sign the Development Agreement (**Area Development Agreement, Section 2.1 1**)

Training Programs

During the months before and after you are open for business, we will provide approximately 75 to 100 hours of training and set-up assistance (**Franchise Agreement, Section 6 1**) You, or, if you are a corporation, partnership, or limited liability company, a principal of yours who is acceptable to us and who owns at least a 50% equity interest in the corporation, partnership or limited liability company, must attend and successfully complete to our satisfaction, our initial training program, including the review of the sales support guide that we will provide to you at least one week before you open your Franchised Business Training in the use of advice forms, request forms, mail flow, work flow, deposits, and money handling is required for all franchise agent personnel and we encourage all personnel to read the sales support guide We do not charge for the initial

training or training materials, however, you may purchase additional training services and materials for you and your staff from us Generally, all training will occur at our office or your office We will not provide the initial training program if (i) you or any affiliate of yours (or an owner of either) currently owns or operates a Fiesta Insurance Franchised Business as of the date you sign your Franchise Agreement, or (ii) you sign your Franchise Agreement as a renewal Franchise Agreement **(Franchise Agreement, Section 6 1)** The following subjects will be discussed during training

INSURANCE AND TAX RETURN PREPARATION TRAINING PROGRAM FOR FRANCHISEES

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Introduction, Game of the Week, Insurance Basics, A "Typical Date in a Fiesta Franchise", Fiesta Selling System – Introduction and Pre-Quote	7 5 hours	None	Our office, currently located in Las Vegas, Nevada/your office/webinars
Rating Basics, Fiesta Selling System/Rate, Fiesta Selling System/The Close	7 5 hours	None	Our office, currently located in Las Vegas, Nevada/your office/webinars
Policy Manager Pro (software)/New Business, End of Day Reports, RightWay Tax Solutions (tax software), Fiesta Selling System/Role Play	7 5 hours	None	Our office, currently located in Las Vegas, Nevada/your office/webinars
Marketing the Fiesta Way, Technology, Fiesta Selling System/Role Play, "Your First 90 Days"	7 5 hours	None	Our office, currently located in Las Vegas, Nevada/your office/webinars
Fiesta University/Online Profiles, Fiesta Selling System/Role Play	3 5 hours	None	Our office, currently located in Las Vegas, Nevada/your office/webinars
Total	**33 5 hours**	**None**	

Additional Training Programs

You and all of your supervisorial or managerial employees and/or independent contractors who have direct contact with your clients must attend all additional courses, seminars and other training programs we may reasonably require You must pay us the fees we charge you and other Fiesta franchisees to defray the direct costs of providing these programs The additional training fee is currently $250 per day per person plus travel costs and accommodations if the trainer travels to your office You must pay for all expenses incurred by you

and your supervisorial or managerial employees to attend these additional training programs including the costs of transportation, lodging, meals, training materials and wages We may, in our sole discretion, select the time and location of all additional training programs (**Franchise Agreement, Section 6 3**)

Remedial Training Programs

If we determine it is necessary, we may provide you with remedial training or assistance programs, subject to the availability of our personnel You must pay the fees charged to defray the direct costs of providing this remedial training, currently not to exceed $500 per day In addition, you must pay for any and all other expenses incurred in connection with sending your supervisorial or managerial employees to these remedial training programs, including the costs of transportation, lodging, meals, training materials and any wages We may, in our sole discretion, select the time and location of all remedial training (**Franchise Agreement, Section 6.4**)

Franchisee Conventions

You must attend our annual franchisee convention You must pay us the fees we charge you and other Fiesta franchisees to defray the direct costs of providing the franchisee conventions The fees may be reduced by insurance carrier financial support You must pay all expenses incurred by you and your supervisorial or managerial employees to attend franchisee conventions, including the costs of transportation, lodging, meals, materials and wages We may, in our sole discretion, select the time and location of all franchisee conventions (**Franchise Agreement, Section 9 17**)

Experience of Instructors

John Rost, our Chief Executive Officer, Owen Deane Silke Jr , our President, and Carlos Gil are responsible for all aspects of training The Initial Training Program will be conducted by members of the training staff who have significant work experience in the insurances services industry (up to 25 or more years of experience), tax services industry (up to 8 or more years of experience), and at least 8 years' experience in the curriculum being taught Our primary source of instructional materials is contained in the Operating Manual and the sales support guide

Site Selection

You must select the site for your Franchised Business, but the site must be approved by us If we have not designated the street address of your Franchised Location in your Franchise Agreement when you sign your Franchise Agreement, you must identify and obtain our prior written approval of the site of your Franchised Location before entering into a lease for the Franchised Location You must submit the site you select, and we will have 10 business days to approve your site for the Franchised Business and to notify you of our approval or disapproval in writing Our failure to respond within 10 business days will signify our disapproval of the site In considering approval/disapproval of a site, we may consider that the site is in an area of high visibility and commercial foot traffic and preferably adjacent to a chain grocery store, the general location, neighborhood, size of community, the quality of the building, access, adequate parking, the lease terms and relative proximity to other franchisees You must receive the opening notice from us and do everything necessary to open for business within 6 months from the effective date of the Franchise Agreement (**Franchise Agreement, Section 5.1.2**) If you are not able to begin operation of the Franchised Business within 6 months of the effective date of the Franchise Agreement, we may terminate the Franchise Agreement and retain your Initial Franchise Fee (**Franchise Agreement, Sections 5.1.1 and 5 1 3**)

You may not operate your Franchised Business from your home (**Franchise Agreement, Section 5 1 5**)

Your lease or sublease for your Franchised Location must be satisfactory to us and must provide us with the right to take an assignment and physical possession of the Franchised Location without the lessor's consent or any additional consideration if you default (and/or there is a termination, cancellation, rescission or expiration of your rights) under the lease or sublease, your Franchise Agreement or any other agreement between us You must take whatever actions are necessary to secure this assignment and must sign and have your landlord sign the Collateral Assignment of Lease in the form attached to the Franchise Agreement as **Exhibit F** (**Franchise Agreement, Section 5.2**)

Area Development Agreement.

Under the Area Development Agreement, we grant you the right to develop and operate a specified number of Fiesta Insurance Franchised Businesses in a specified Development Area, subject to our approval You must locate the sites for your Fiesta Insurance Franchised Businesses, and we must approve the sites Our then-current standards for approving sites and determining Development Areas will apply If we accept a proposed site, we will notify you of our acceptance of the site, subject to your successful negotiation of a final lease and other reasonable conditions we may impose Promptly following our acceptance of the site, you must negotiate a lease for the site and submit a copy to us You must also provide a fully signed copy of the lease promptly after signing You must open all 3 Franchised Businesses under the Development Agreement within 18 months after you sign the Development Agreement (**Area Development Agreement, Sections 2.4 and 6 1**)

Design Standards

All matters related in any way to your site are your sole responsibility You are responsible for obtaining any architectural and engineering services required for your facility and for ensuring its compliance with local law Neither we, nor any other person or company associated with us will have any liability for any site-related matter (**Franchise Agreement, Section 5 1.4**) You must comply with any standards, specifications and other requirements (the "**Design Standards**") that we provide to you for design, decoration, layout, equipment, furniture, fixtures, signs and other items for the Franchised Business Any changes from plans provided by us must be submitted to us for our approval and consent, which we may provide in our business judgment Your compliance with the Design Standards does not release you from your obligations to ensure that the Franchised Business is designed, constructed and operated in compliance with all local, state, and federal laws You must post, hang, display and/or provide to customers information supplied or required by us that provides the customer with information about the Fiesta System to raise their awareness of the brand and the Fiesta System (**Franchise Agreement, Section 5 3**).

Computer Hardware and Software

You must purchase or lease, and thereafter maintain in strict conformity with the standards and specifications that we may prescribe in the Confidential Operating Manual or otherwise in writing, such computer hardware and software, required dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment for record keeping functions (**Franchise Agreement, Section 9.1**) We will provide you with the tax preparation software that we make available to our franchisees and that you are to use in preparing individual federal and state tax returns for an annual fee of $500 (**Franchise Agreement, Section 4 15**) Otherwise, we have no obligation to provide on-going maintenance, repairs, upgrades and updates to your computer system,

We have the right to independently access and retrieve data and information from your computer system as we, in our sole and exclusive discretion, deem necessary or desirable You acknowledge that because of the

interconnection of computer systems and the necessity that such systems be compatible with each other, you will strictly comply with our standards and specifications for all items associated with your computer system and must otherwise operate your computer system in accordance with our standards and specifications In addition, to ensure full operational efficiency and optimum communication capability between and among computer systems installed by you, us and other franchisees, you must, at your expense, keep your computer system in good maintenance and repair and promptly install such additions, changes, modifications, substitutions and/or replacements to your computer hardware, software, telephone and power lines, and other computer-related facilities, as we direct (**Franchise Agreement, Section 9 1**) There are no contractual limitations on our right to require these upgrades and updates to your computer system

Computer System Specifications
Brother MFC Printer
LCD Monitor
Desktop Computer Tower
Logitech Media Combo Wireless Keyboard and Mouse
iPad2

The estimated cost to purchase or lease the computer hardware and software is approximately $2,679 50 to $5,359 00 We currently do not require that you purchase a maintenance, repair and upgrade or update service contract for your computer system, but we reserve the right to do so The estimated annual cost of maintenance, repairs and upgrades is about $200

ITEM 12
TERRITORY

Franchisees

We will grant you an exclusive territory from which you will operate your Franchised Business (the "**Protected Area**') Your Protected Area will be designated on **Exhibit A** to your Franchise Agreement Your Protected Area will be determined by us and you will be provided with the specific boundaries of the Protected Area before you sign your Franchise Agreement We will insert a description of your Protected Area on **Exhibit A** to your Franchise Agreement or will attach a map or description of your Protected Area to your Franchise Agreement We will make every effort to ensure that your Protected Area has a minimum population of 20,000 persons or encompasses an area of 5 square miles Factors we use to determine your Protected Area are based on population density, zip code maps or other information that may become available in the future to determine mileage radius You do not have any options, rights of first refusal or similar rights to acquire additional Franchised Businesses within contiguous territories

As long as you are in good standing under your Franchise Agreement, the Operating Manual, and all other agreements with us and our affiliates, we will not own or operate, or sell or issue a franchise to a third party to own or operate a Franchised Business within your Protected Area You may not, without our prior written consent, solicit the sale of insurance services or retail tax return preparation and electronic tax return filing services outside of the Protected Area, however, you may sell insurance services and retail tax return preparation and electronic tax return filing services to customers to be located outside of the Protected Area so long as these sales do not result from any direct solicitation activities or any other channels of distribution by you You do not have the right to sublicense, sublease, subcontract or enter into any management agreement with any party to operate the Franchised Business or to use the Fiesta System

We retain for ourselves and our affiliates the rights

(a) To own, acquire, establish, and/or operate, and to grant licenses and franchises to others to establish, own and operate, Fiesta businesses, at any location outside of the Protected Area (regardless of its proximity to the Protected Area)

(b) To own, acquire, establish and/or operate, and to grant license and franchises to others to establish, own and operate, businesses under other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Franchised Business, at any location, whether inside or outside the Protected Area, and to purchase, merge, acquire or affiliate with any existing competitive or non-competitive franchise network, chain or any other business at any location, whether inside or outside of the Protected Area

(c) To offer and sell Fiesta (or any other brand) products and services (whether or not competitive) to customers located anywhere (including within the Protected Area) using any channel of distribution located anywhere, subject to certain conditions in relation to specific opportunities for Special Accounts We may have the opportunity to enter into arrangements to provide services to corporations, entities, local school districts, social services or other government and non-government agencies and institutions Such opportunities will be referred to as "**Special Accounts**' You must participate with the terms of Special Account arrangements as we may specify In addition, you must comply with all Fiesta System standards regarding inter-franchise sales and system-wide co-operation For example, we may develop a Fiesta System standard that would allow customers of any Franchised Business to buy a gift card that could be redeemed at any Fiesta Franchised Business

(d) To market on the Internet and use the Proprietary Marks on the Internet, including the use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media

(e) To produce, license, distribute and market Fiesta branded items through any outlet, whether inside or outside of the Protected Area (regardless of its proximity to the Franchised Location), and through any distribution channel, including by means of the Internet mail order catalogs, direct mail advertising and other distribution methods

Although we retain the right to operate or franchise a business under a different trademark that sells similar insurance and/or tax services, we do not currently operate or franchise a similar business under a different trademark or have any plans to do so We do not currently maintain or plan to maintain separate offices and/or training facilities for any competing or similar business

We are not required to pay you any compensation if we exercise any of these rights inside your Protected Area

Relocation of Franchised Business

If you desire to relocate the Franchised Business, you must obtain our prior written consent to the new location which must be located within the Protected Area (unless we waive this requirement) We may grant, condition or withhold our consent as we believe appropriate and will do so if you are not in good standing under your Franchise Agreement You must pay all expenses to relocate the Franchised Business You must also relocate the Franchised Business if the location of the Franchised Business is damaged, condemned or becomes unusable, or if, in our mutual judgment, there is a change in the character of the location of the Franchised Business which

we believe will be detrimental to your business potential If we consent to the relocation of the Franchised Business, you must sign a General Release in substantially the form of **Exhibit I** to the Franchise Agreement

Protected Area Rights Dependent on Good Standing.

If you are not in good standing under your Franchise Agreement, we may reduce, eliminate or otherwise modify your territorial rights You are in ' **good standing** if you are not in default of any obligation to us or our affiliates, whether arising under the Franchise Agreement or any other agreement between us or our affiliates, the Operating Manual or other System requirements You will not be in good standing if you have been in default of any obligations and these defaults are incurable by nature or are part of a series of repeated defaults as defined in the Franchise Agreement As long as you are in good standing, there are no other circumstances that permit us to modify your territorial rights

You must devote your full time, attention and best efforts to the development and operation of the Franchised Business and must only permit the Franchised Business to be operated and managed in accordance with the terms of the Franchise Agreement

Area Development Agreement

Under the Area Development Agreement, we grant you the non-exclusive right to develop and operate 3 Franchised Businesses at sites in a specified Development Area, subject to our approval We will determine or approve the location of each Franchised Business and its Protected Area at the time each Franchise Agreement is signed, and our then-current standards for approving sites and determining Protected Areas will apply The Development Area may be one or more cities, counties, states or some other defined area

We retain for ourselves and our affiliates the rights

(a) To own, acquire, establish, and/or operate, and to grant licenses and franchises to others to establish, own and operate, a Fiesta Franchised Business, at any location, whether inside or outside of the Development Area (regardless of its proximity to the Development Area)

(b) To own, acquire, establish and/or operate, and to grant licenses and franchises to others to establish, own and operate, businesses under other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Franchised Businesses, at any location, whether inside or outside the Development Area, and to purchase, merge, acquire or affiliate with any existing competitive or non-competitive franchise network, chain or any other business at any location, whether inside or outside of the Development Area

(c) To offer and sell Fiesta (or any other brand) products and services (whether or not competitive) to customers located anywhere (including within the Development Area) using any channel of distribution, subject to specific opportunities for Special Accounts

(d) To market on the Internet and use the Proprietary Marks on the Internet, including the use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media

(e) To produce, license, distribute and market Fiesta branded items through any outlet, whether inside or outside of the Development Area (regardless of its proximity to the Development Area), and through any distribution channel, including by means of the Internet mail order catalogs, direct mail advertising and other distribution methods

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, or commit a material breach of any Franchise Agreement under the Area Development Agreement, or a material breach of any other agreement between you and us, we may terminate your right to develop, open and operate new Franchised Businesses in the Development Area, but the termination of the right to develop your Development Area will not terminate any rights granted under any Franchise Agreement then in effect between you and us, absent a breach of the Franchise Agreement itself There are no other circumstances that permit us to modify your territorial rights under the Area Development Agreement After the expiration of the term of your Area Development Agreement, we may own, operate, franchise or license others to operate additional Fiesta Franchised Businesses anywhere, without restriction, including in your Development Area, subject to the rights granted to you in the Protected Area established under any then-existing Franchise Agreement If we determine that further development of your Development Area is desirable after the term of your agreement, we will notify you in writing within 180 days before the expiration of your Area Development Agreement, and you will have a prior right to sign a new Area Development Agreement and undertake additional development of your Development Area If you believe that our proposed additional development schedule is not reasonable, we will agree to negotiate with you in good faith for 60 days to try to agree upon a mutually acceptable development schedule If you do not exercise your right to sign a new Area Development Agreement, we may own, operate, franchise or license other to operate additional Franchised Businesses in your Development Area subject only to the Protected Area rights reserved to you in your individual Franchise Agreements

Under the Area Development Agreement, the continuation of your territorial exclusivity is dependent upon your compliance with your development and other obligations under the Area Development Agreement, as described above

ITEM 13
TRADEMARKS

We have granted you the right to use the following marks which are registered on the Principal Register of the United States Patent and Trademark Office ("**USPTO**")

MARK	REGISTRATION NUMBER	REGISTRATION DATE
Design Logo	3,367,044	January 8, 2008
"Fiesta Insurance"	3,503,108	September 16, 2008
'Fiesta Auto Insurance"	3,721,845	December 8, 2009
"Fiesta Tax Service"	3,721,613	December 8, 2009
"Fiesta Wireless"	3,831,887	August 10, 2010

MARK	REGISTRATION NUMBER	REGISTRATION DATE
	3,831,886	August 10, 2010
	3 831,097	August 10, 2010

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the Trademark administrator of this state or any court There is no pending infringement, opposition, or cancellation proceeding and there is no pending material litigation involving the trademarks that may be relevant to their use in this state or in any other state We have filed all required affidavits

We do not know of any infringing uses or currently effective agreements that could significantly or materially affect your use of the Proprietary Marks in this state or elsewhere However, we cannot represent with certainty that we have exclusive or superior rights to the name **Fiesta**' in all geographic areas You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks

We have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement We have the right to take action against uses by others that may constitute infringement of the Proprietary Marks We will defend you against any third party claim, suit, or demand arising out of your use of the Proprietary Marks If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will pay for your defense, including the cost of any judgment or settlement If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must pay for the cost of defense, including the cost of any judgment or settlement In any litigation involving your use of the Proprietary Marks, you must sign all documents and do whatever is necessary to defend or prosecute the action, including becoming a nominal party to any legal action Unless litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs

We may substitute different proprietary marks for use in identifying the System and the businesses operating under it if we determine that substitution of different marks as Proprietary Marks will be beneficial to the System, or if the Proprietary Marks no longer can be used You must promptly implement any substitution of new Proprietary Marks and the use of the new Proprietary Marks will be governed by the terms of the Franchise Agreement We will pay your costs of modifying your signs and advertising materials to conform to our new Proprietary Marks, but will otherwise have no obligation or liability to you as a result of a substitution

You must not establish a web site on the Internet using any domain name containing the words '**Fiesta**" or any variation of these names We retain the sole right to advertise on the Internet and create a web site using the "**Fiesta**" domain name You acknowledge that we are the owner of all right, title and interest in and to the "**Fiesta**" domain name

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any right in or to any patents that are material to the franchise We have granted you the right to use the following copyrights (the "**Copyrights**') which are registered in the United States Copyright Office

TITLE OF WORK	REGISTRATION NUMBER	REGISTRATION DATE
Fiesta Design	VA 1-880-354	June 5, 2013
Fiesta Max Costume Design	VA 1-880-357	June 5, 2013
Fiesta Max (character drawing)	VA 1-880-359	June 5, 2013

There are no currently effective determinations of the United States Copyright Office or any court regarding the Copyrights There is no pending infringement, opposition, or cancellation proceeding and there is no pending material litigation involving the Copyrights that may be relevant to their use in this state or in any other state

You must promptly notify us of any unauthorized use of the Copyrights, any challenge to the validity of the Copyrights, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Copyrights We have the right to direct and control any administrative proceeding or litigation involving the Copyrights, including any settlement We have the right to take action against uses by others that may constitute infringement of the Copyrights We will defend you against any third party claim, suit, or demand arising out of your use of the Copyrights If we determine that you have used the Copyrights in accordance with the Franchise Agreement, we will pay for your defense, including the cost of any judgment or settlement If we determine that you have not used the Copyrights in accordance with the Franchise Agreement, you must pay for the cost of defense, including the cost of any judgment or settlement In any litigation involving your use of the Copyrights, you must sign all documents and do whatever is necessary to defend or prosecute the action, including becoming a nominal party to any legal action Unless litigation results from your use of the Copyrights in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs

We also claim common law copyright protection for our printed literature and our Confidential Operating Manual

Confidential Operating Manual

You must operate your Franchised Business in the manner specified in the Operating Manual We may revise the Operating Manual, and you must comply with each new or changed standard

We will lend you a copy of the Operating Manual after you complete our initial training program You must treat the Operating Manual and the information contained in it, as confidential. You cannot copy these materials or show them to any unauthorized person The Operating Manual will remain our sole property

Confidential Information

You must not, during or after the term of the Franchise Agreement, divulge or use for the benefit of anyone else any confidential information, knowledge, or know-how concerning the System and the methods of operation of your Franchised Business You may divulge confidential information only to those supervisorial or managerial employees and independent contractors who must have access to it to operate your Franchised Business Any and all information and other data, which we designate as confidential, will be deemed confidential for purposes of the Franchise Agreement

At our request, you must require your manager and any supervisorial or managerial employees and independent contractors having access to any confidential information to sign covenants that they will maintain the confidentiality of information they receive during their employment at your Franchised Business These covenants must be in a form we find satisfactory, and specifically identify us as a third party beneficiary of these covenants with the independent right to enforce them

Fiesta Data

All ' **Fiesta Data**" is and will remain our sole property **"Fiesta Data"** includes, without limitation, any and all information by, from, or about a client you acquire from your business relationship with a client You must require all clients to sign the agency forms we require, which will state that you are an independent agent procuring insurance on our behalf and that, accordingly, your client's information will be made available to, and will be subject to approval by us No right, title or interest in the Fiesta Data is conveyed, transferred, or otherwise licensed to you under the Franchise Agreement or otherwise You may not, during the term of the Franchise Agreement or thereafter sell, lease, share or rent any Fiesta Data or make any use whatsoever of the Fiesta Data

Co-Branding

You may not engage in any co-branding in or in connection with the Franchised Business except with our prior written consent We are not required to approve any co-branding chain or arrangement except in our discretion, and only if we have recognized that co-branding chain as an approved co-brand for operation within Fiesta Franchised Businesses **'Co-branding"** includes the operation of an independent business, product line or operating system owned or licensed by another entity (not us) that is featured or incorporated within the Franchised Business or is adjacent to the Franchised Business and operated in a manner which is likely to cause the public to perceive it to be related to the Franchised Business licensed and franchised under the Franchise Agreement

Improvements

All ideas, concepts, techniques or materials relating to a Fiesta Insurance Franchised Business created by you while you are a Fiesta franchisee, whether or not protectable intellectual property (an **"Improvement"**), must be promptly disclosed to us and will become our exclusive property and a part of the Fiesta System as a work made for hire for us without compensation to you

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

You must devote your full time and attention to the operation of your Franchised Business Unless we approve otherwise, only you may be the principal operator of the Franchised Business for your first location Your Franchised Business must be managed at all times by you, or one full-time supervisorial or managerial

employee, who has completed the minimum level of 80 hours of training required of supervisorial or managerial employees You are not required to grant an equity interest to any employee

You and each shareholder, officer, director, general partner, manager and member of yours, if you are an entity, (and if you or any shareholder, officer, director, general partner, manager or member of yours is a married couple, both husband and wife) must sign the Franchise Agreement and a written guarantee in a form we prescribe, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of your obligations to us and to our affiliates The Guarantee is attached as **Exhibit C** to the Franchise Agreement

You must train all personnel employed at the Fiesta Insurance Franchised Business in accordance with our then-current training and operations standards and you must maintain such standards of training, competence, cleanliness and demeanor as we require You must ensure that only personnel performing managerial or supervisory functions have access to our confidential information, and all such personnel agree not to disclose, and do not disclose, any confidential information which may be revealed to them during the period of their employment and, upon our request, execute a confidentiality agreement, in a form prescribed by us We will be deemed to be a third-party beneficiary under such confidentiality agreement

All employees you hire or employ at your Fiesta Insurance Franchised Business will be your employees and your employees alone, and will not, for any purpose, be deemed to be our employees or subject to our direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority You will file your own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for your employees and operations We will not have the power to hire or fire your employees Our authority under the Franchise Agreement to train and approve your supervisorial or managerial personnel for qualification to perform certain functions at your Franchised Business does not directly or indirectly vest us with the power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring and employment decisions and functions relating to your Fiesta Insurance Franchised Business, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not Any guidance we may give you regarding employment policies should be considered merely examples You will be responsible for establishing and implementing your own employment policies, and should do so in consultation with local legal counsel experienced in employment law

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You do not have the right to develop new services for your Franchised Business without our consent You must offer only those services that we specify in the manner we specify You may only solicit the sale of insurance exclusively on our behalf, may only sell policies with insurance carriers we approve and may only use premium financing companies that we approve We may change the types of authorized services, and there are no limits on our right to make changes We have the exclusive right to develop new services to be offered for sale as Franchised Businesses You cannot offer any product or service not previously approved by us in writing

You may not use alternative channels of distribution or directly solicit sales outside your Protected Area, unless we consent in writing

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

These tables list important provisions of the Franchise Agreement and related agreements You should read these provisions in the agreements attached to this Disclosure Document.

PROVISION	SECTION IN THE FRANCHISE AGREEMENT (EXHIBIT B)	SUMMARY
a Length of the franchise term	Sections 2 1 – 2 3	5 years
b Renewal or extension of the term	Section 2 2	If you have faithfully performed your obligations in the Franchise Agreement, you can renew for 5 years upon the terms and conditions of our then-current Franchise Agreement
c Requirements for franchisee to renew or extend	Section 2 2	You must not be in default, you must satisfy all of your monetary obligations, complete all required training, sign our then-current Franchise Agreement and sign a general release You must pay the then-current renewal fee You may be asked to sign a Franchise Agreement with materially different terms than your original Franchise Agreement
d Termination by franchisee	None	Not applicable
e Termination by franchisor without cause	None	Not applicable
f Termination by franchisor with cause	Sections 9 4.2 and 15	We may terminate the Franchise Agreement upon delivery of notice to you if you default under the terms of the Franchise Agreement
g 'Cause" defined – curable defaults	Section 15	The following constitute curable defaults you fail to make payments due to us and do not cure within 10 days, or you fail to comply with provisions of the Franchise Agreement not mentioned in Section 13 3 of the Franchise Agreement or any mandatory operating procedure, specification or standard required by us and do not cure within 30 days

PROVISION	SECTION IN THE FRANCHISE AGREEMENT (EXHIBIT B)	SUMMARY
h 'Cause" defined – non-curable defaults	Section 15 2	The following constitute non-curable defaults your failure to satisfactorily complete initial training, failure to pay any fees owed or submit reports within 10 days of receipt of notice from us, abandon, fail or refuse to operate your business without our written consent, incurable default under any other agreement between us, material misrepresentation or omission in the franchise application, conviction or plea of no contest to a felony or other crime or offense that may adversely affect the reputation of you or the Franchised Business, misuse of the Operating Manual, unauthorized transfer, repeated defaults during prescribed period of time, your bankruptcy, insolvency or liquidation, misuse of the Proprietary Marks, failure, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the franchise, you divert or attempt to divert any present or prospective customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the Fiesta System, you solicit clients of the Franchised Business to terminate their business relationships with any business in the Fiesta System and conduct business with you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, or any business that is the same or similar to the Franchised Business or which offers services which are the same as or similar to the products and services being offered by the Franchised Business at the time of the termination of your Franchise Agreement.
i Franchisee's obligation on termination/ non-renewal	Section 2 2, Section 16	Your obligations include pay any amounts due to us or our affiliates, de-identify yourself from any association with the Proprietary Marks and System, return all manuals and all other items bearing the Proprietary Marks, discontinue use of Proprietary Marks and Confidential Information, sign and deliver General Release, cancel all fictitious name registrations concerning the Proprietary Marks and telephone and facsimile numbers, transfer all client accounts to us, sell us any equipment or furnishings

PROVISION	SECTION IN THE FRANCHISE AGREEMENT (EXHIBIT B)	SUMMARY
		used with the Franchised Business at our request, waive any compensation from us for our right to exercise the option to take possession of the location, refrain from soliciting any clients of the Franchised Business or leasing or subleasing to any person that conducts a business that is similar to the Franchised Business at the former franchised location, furnish evidence of your compliance with the termination or expiration provisions of the Franchise Agreement
j Assignment of contract by franchisor	Section 14 1	There is no restriction on our right to assign
k 'Transfer' by franchisee - definition	Section 14 2	You may not sell, assign, transfer, pledge, donate, encumber or otherwise deal with, directly or indirectly, any interest in the Franchise Agreement or the Sales Commissions, the right to use the System or the Proprietary Marks or all or a significant portion of any other assets of the Franchised Business without our prior written consent Any purported transfer of the Book of Business or the Fiesta Data will be void
l Franchisor approval of transfer by franchisee	Section 14 3	We have the right to approve all transfers by you
m Conditions for franchisor approval of transfer	Section 14 3	The transferee must meet our qualifications, must successfully complete our training program and sign the then-current Franchise Agreement A transfer fee must be paid You must pay all sums owed to us and sign a general release Upon our request, you must sign a continuing guarantee of transferee's obligations under the new Franchise Agreement The sales price may not be so, in our judgment, that the transferee will be unlikely to maintain the business
n Franchisor's right to acquire franchisee business	Section 14 5	If you or your owners propose to sell the Franchised Business or an ownership interest in the Franchised Business, you must deliver to us a copy of the signed offer to purchase We have 20 days from notice of the offer to purchase the Franchised Business on the same terms as contained in the offer
o Franchisor's option to purchase franchisee's business	Section 16 7	We have the option, exercisable by written notice within 30 days after the termination of your Franchise Agreement, to take an assignment and physical possession of the Franchised Location You are not

PROVISION	SECTION IN THE FRANCHISE AGREEMENT (EXHIBIT B)	SUMMARY
		entitled to any compensation from us if we exercise this option
p Death or disability of franchisee	Section 14 6	Your heirs, beneficiaries, devisees or legal representative can apply to us to purchase your interest and continue operation of the Franchised Business, or sell or otherwise transfer interest in the Franchised Business within 180 days of death or incapacity If they fail to do so, we have the right to terminate
q Non-competition covenants during the term of the franchise	Section 17 1	You must not (i) divert or attempt to divert any present or prospective customer to any competitor, or perform any other act that is injurious or prejudicial to the goodwill associated with the Proprietary Marks, the Copyrights and the Fiesta System, (ii) employ or seek to employ any person who is or has been employed by us or our affiliates within the last 30 days, or otherwise induce such person to leave his or her employment, or have any involvement with any business associated with the sale of any type of insurance and/or with retail tax preparation and tax filing services (a **"Competitive Business"**)
r Non-competition covenants after the franchise is terminated or expires	Sections 16 4, 17 2 and 17 3	You must not, for 2 years after the end of your Franchise Agreement (i) have any involvement with any Competitive Business, located at the Franchised Location or within the Protected Area, (ii) accept employment from, contract with, or maintain an ownership interest in a competitive brokerage or agency (defined as a brokerage/agency whose primary business is insurance sales and/or tax services) that is, or is intended to be, located at the Franchised Location or anywhere else within the Protected Area, (iii) disrupt, impair or otherwise interfere with our business or the business of any of our franchisees, (iv) solicit clients of the Franchised Business and/or (v) lease, sublease or otherwise permit any person to conduct any Competitive Business at the former Franchised Location

PROVISION	SECTION IN THE FRANCHISE AGREEMENT (EXHIBIT B)	SUMMARY
		If you violate the post-term covenant not to compete, you must pay us, throughout the 2 year period following the termination, transfer, or expiration of your Franchise Agreement, 50% of all sales commissions or compensation you earn from any of your activities which violate the post-term covenant not to compete
s Modification of the Franchise Agreement	Sections 20 2, 20 5 and 20 6	The Franchise Agreement can be modified only by written agreement signed by you and us
t Integration/merger clause	Section 20 1	Only the terms of the Disclosure Document, the Franchise Agreement and all exhibits are binding (subject to state law) Any representations or promises outside of the Disclosure Document and the Franchise Agreement and its exhibits may not be enforceable Nothing in the Franchise Agreement or in any related exhibit is intended to disclaim the representations we made in this Disclosure Document
u Dispute resolution	Section 21	All disputes must be resolved first by mediation and, if mediation is not successful, then by litigation
v Choice of forum	Section 21 2	State or federal court in Clark County, Nevada (subject to state law)
w Choice of Law	Section 21 1	Nevada law will apply (subject to the exception provided in Section 21 1 of the Franchise Agreement and applicable state law)

AREA DEVELOPMENT AGREEMENT

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT C)	SUMMARY
a Length of the term of the Area Development Agreement	Section 4 1	5 years
b Renewal or extension of the term	Sections 2 4 and 4 2	You do not have the right to renew your Area Development Agreement However, if we determine that further development of your Development Area beyond your Development Obligation is desirable, if you are in good standing and you were not in default under your Area Development Agreement during your original term, we will offer you the opportunity to sign a new Area Development Agreement to develop additional Franchised Businesses in your Development Area Unless we consent in writing, you may not open more than the total number of Franchised Businesses comprising your Development Obligation
c Requirements for Area Developer to renew or extend	Sections 4 3 and 4 4	You must sign a new Area Development Agreement on our then-current form of agreement, which will contain your additional development obligation during the new term You and your affiliates who have a currently existing Franchise Agreement or Area Development Agreement with us must sign a general release You may be asked to sign an Area Development Agreement with materially different terms than your original Area Development Agreement
d Termination by Area Developer	None	Not Applicable
e Termination by Franchisor without cause	None	Not Applicable
f Termination by Franchisor with "cause"	Section 9 1	We can terminate if you materially default under your Area Development Agreement, an individual Franchise Agreement or any other agreement between you, or your affiliate, and us

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT C)	SUMMARY
g 'Cause' defined - curable defaults	Section 9 1	You have 5 days to cure a failure to pay fees (or 10 days in Illinois) You have 20 days to cure any other default, and in the case of a breach or default in the performance of your obligations under any Franchise Agreement or other agreement between you and us, the notice and cure provisions of the Franchise Agreement or other agreement will control
h "Cause" defined - defaults which cannot be cured	Sections 9 1 and 9 2	Non-curable defaults include unapproved transfers, failure to meet development obligation failure for a period of 10 days after notification of noncompliance to comply with any federal, state or local law or regulation applicable to the operation of the franchise, any breach for unfair competition described in Section 8, cross defaults
i Area Developer's obligation on termination/non-renewal	Sections 4 5 and 8 2	You will have no further right to develop or operate additional Franchised Businesses which are not, at the time of termination, the subject of a then existing Franchise Agreement between you and us You may continue to own and operate all Franchised Businesses under then existing Franchise Agreements You must honor all post-termination obligations
j Assignment of contract by Franchisor	Section 7 1	No restrictions on our right to assign
k "Transfer" by Area Developer – defined	Section 7 3	Includes transfer of the agreement or changes in ownership of the entity which owns it No shares of a Franchisee which is a business entity may be offered for sale through the public offering of securities Shares may be offered by private offering with our prior written consent
l Franchisor s approval of transfer by Area Developer	Section 7 3	Transfers require our prior written consent, which may be withheld for any reason, in our sole subjective judgment
m Conditions for Franchisor's approval of transfer	Section 7 4	You may not transfer any Franchise Agreement signed under the Area Development Agreement except with our written consent and a simultaneous assignment of the Area Development Agreement and all of the Franchise Agreements signed under the Area Development Agreement to the same assignee The transferee must sign Franchisor s then-current form of Area Development Agreement and pay a $5,000 transfer fee You must pay all sums owed to us and sign a general release Upon our request, you must sign a continuing guarantee of transferee's obligations under the new Area Development

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT C)	SUMMARY
		Agreement The sales price may not be so, in our judgment, that the transferee will be unlikely to maintain the business
n Franchisor's right of first refusal to acquire Area Developer's business	Section 7 5	We may match any offer to purchase your business
o Franchisor's option to purchase Area Developer's business	Not Applicable	See Item 17(o) under Franchise Agreement above
p Death or disability of Area Developer	Sections 7 6	Same requirements as for a transfer in "m" above If your interest is not transferred within 180 days following your (or a major member, partner or shareholder's) death or legal incapacity, your Area Development Agreement will be automatically terminated
q Non-competition covenants during the term of the Franchise	Sections 8 1 and 8 3	Unless we agree otherwise in writing, you may have no involvement in any Competitive Business, other than a Franchised Business operated under a valid Franchise Agreement with us If Area Developer is an entity, the entity may not conduct any business other than the business of the Area Development Agreement and any Franchise Agreements between it and us
r Non-competition covenants after the Franchise is terminated or expires	Section 8 2	Unless we agree otherwise in writing, you may have no involvement in any Competitive Business located anywhere within the Development Area or at a location designated as a 'Franchised Location" in a Franchise Agreement between us and you, or any Affiliate or owner of you, except under the terms of a Franchise Agreement between us and you, or any Affiliate or owner of you, or disrupt, impair or otherwise interfere with our business, or the business of any of our franchisees, whether by way of interfering with or raiding employees, disrupting relationships with customers, agents, representatives or vendors, or otherwise, for 2 years
s Modification of the Agreement	Section 11 6	The Area Development Agreement can be modified or amended only by written agreement of all of the parties

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT (EXHIBIT C)	SUMMARY
t Integration/merger clause	Section 11 6	Only the terms of the Disclosure Document, the Area Development Agreement and all exhibits are binding (subject to state law) Any representations or promises outside of the Disclosure Document and the Area Development Agreement and its exhibits may not be enforceable Nothing in the Area Development Agreement or in any related exhibit is intended to disclaim the representations we made in this Disclosure Document
u Dispute resolution	Section 12	All disputes must be resolved first by mediation and, if mediation is not successful, then by litigation
v Choice of forum	Section 12 2	State or federal court in Clark County, Nevada (subject to state law)
w Choice of law	Section 12 1	Nevada law will apply (subject to the exception provided in Section 12 1 of the Area Development Agreement and applicable state law)

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ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our franchise

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

	FRANCHISED LOCATIONS IN OPERATION FOR OVER 24 MONTHS
Total Franchised Businesses	100
Average Gross* Revenue	$321,625 47
Average Gross Revenue Top 10 Businesses**	$849,406 99
Average Gross Revenue Bottom 10 Businesses***	$68,924 85

* ' **Average Gross Revenue**" in the chart above means the total Average Gross Revenue of 80% of the 100 Franchised Locations in Operation for Over 24 Months, which Franchised Businesses are similar to the franchise offered in this Disclosure Document and which operated on a full time basis within the Fiesta Insurance system during the period May 1, 2014 through April 30, 2016

** "**Average Gross Revenue Top 10 Businesses**" means the total of the Gross Revenues of the top 10% of the 100 Franchised Locations in Operation for Over 24 Months, which Franchised Businesses are similar to the franchise offered in this Disclosure Document and which operated on a full time basis within the Fiesta Insurance system during the period May 1, 2014 through April 30, 2016

*** "**Average Gross Revenue Bottom 10 Businesses** ' means the total of the Gross Revenues of the lower 10% of the 100 Franchised Locations in Operation for Over 24 Months, which Franchised Businesses are similar to the franchise offered in this Disclosure Document and which operated on a full time basis within the Fiesta Insurance system during the period May 1, 2014 through April 30, 2016

This table does not include any expenses related to the operation of any Franchised Business The expenses related to the operation of a Franchised Business will affect the profitability of a Franchised Business You should consider them and evaluate their impact The actual performance of your Franchised Business will depend on a number of factors specific to you, including the expenses related to the operation of a Franchised Business

Before signing any documents or making any investment, you must make your own independent investigation regarding the purchase of a franchise including independent market and industry reviews and comparisons and talking to current and former franchisees You must consult with your own independent advisors, such as attorneys and accountants, to assist in determining the suitability of this investment for you

Other than the preceding Financial Performance Representation, we do not make any financial representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets We also do not authorize our employees or representatives to make any such representations either orally or in writing If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor's management by contacting Deane Silke, President, 3755 Breakthrough Way, Suite #205, Las Vegas, Nevada 89135, (702) 522-1729, www FiestaInsurance com, the Federal Trade Commission, and the appropriate state regulatory agencies

The information in the chart above is based upon actual historical unaudited information we have accumulated for our current Fiesta franchisees who were operating businesses similar to the franchise offered in this Disclosure Document on a full time basis within the Fiesta Insurance system during the period May 1, 2014 through April 30, 2016 As of April 30, 2016, there were a total of 149 Franchised Businesses in operation Information for 100 of those Franchised Businesses which were open for 24 months or more is included in the chart above We have only included those Franchised Businesses that were open for an entire period specified in the chart above We have excluded only those Franchised Businesses that were not open for an entire period for one of the periods specified in the chart above or for which we do not have complete or reliable data

Your revenues may differ substantially from the data presented in the table above due to a variety of factors, such as regional market variations, seasonality, competition, the demographics of an area, lifestyles of customers in the market area, location of your Franchised Business and other market characteristics as well as your business abilities and efforts You should consult other sources, your financial advisors, and franchisees of existing Franchised Businesses in order to compare revenue and expenses and to obtain additional information necessary to develop estimates of revenue and expenses of a Franchised Business Your individual results may differ

Some outlets have earned the amounts in the table above Your individual results may differ There is no assurance that you will earn as much

Except as otherwise provided in this Item 19, the presentation of information regarding the revenue and expenses of a Franchised Business in connection with this Franchise offering is absolutely prohibited Any representations to the contrary and any projections or predictions, written or oral, direct or indirect, as to the amount of attainment of any potential sales, costs, and expenses, profits or earnings which may arise from the operation of a Fiesta Franchised Business, if given or made, must not be relied upon as having been authorized by us for use in connection with the sale of this Franchise

Written substantiation of the data used in preparing this financial performance representation will be available to you on reasonable request

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO 1
SYSTEMWIDE OUTLET SUMMARY
FRANCHISE OFFICE LOCATIONS
FOR FISCAL YEARS 2014 TO 2016*

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE (+ or -)
Franchised				
	2014	92	124	+32
	2015	124	128	+4
	2016	128	149	+21
Company Owned				
	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Total Outlets				
	2014	92	124	+32
	2015	124	128	+4
	2016	128	149	+21

*Information provided is current as of April 30, 2016

TABLE NO 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR FISCAL YEARS 2014 TO 2016*

STATE	YEAR	NUMBER OF TRANSFERS
California		
	2014	1
	2015	7
	2016	6
Florida		
	2014	3
	2015	0
	2016	1
New York		
	2014	1
	2015	1
	2016	0

STATE	YEAR	NUMBER OF TRANSFERS
Texas		
	2014	0
	2015	0
	2016	1
Total		
	2014	5
	2015	8
	2016	8

*Information provided is current as of April 30, 2016

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TABLE NO 3
STATUS OF FRANCHISED OUTLETS
FOR FISCAL YEARS 2014 TO 2016*

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF THE YEAR
Arizona								
	2014	4	0	0	0	0	2	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	1	1
California								
	2014	48	30	1	0	0	0	77
	2015	77	18	2	0	0	7	86
	2016	86	18	2	0	0	0	102
Colorado								
	2014	2	1	0	0	0	0	3
	2015	3	0	0	0	0	1	2
	2016	2	0	0	0	0	0	2
Florida								
	2014	12	4	1	0	0	0	15
	2015	15	1	1	0	0	0	15
	2016	15	2	0	0	0	0	17
Georgia								
	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	1	0
	2016	0	0	0	0	0	0	0
Illinois								
	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF THE YEAR
Michigan								
	2014	2	2	1	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	1	0	0	0	2
New Jersey								
	2014	2	0	1	0	0	0	1
	2015	1	0	0	0	0	1	0
	2016	0	0	0	0	0	0	0
New Mexico								
	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	1	0	0	0	0	2
New York								
	2014	8	0	1	0	0	3	4
	2015	4	0	0	0	0	1	3
	2016	3	0	1	0	0	0	2
North Carolina								
	2014	1	0	0	0	0	1	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
Ohio								
	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	0	0	2
Pennsylvania								
	2014	1	0	0	0	0	1	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS-OTHER REASONS	OUTLETS AT END OF THE YEAR
Tennessee								
	2014	**1**	**1**	**0**	**0**	**0**	**1**	**1**
	2015	**1**	**0**	**0**	**0**	**0**	**0**	**1**
	2016	**1**	**0**	**0**	**0**	**0**	**0**	**1**
Texas								
	2014	**10**	**5**	**0**	**0**	**0**	**0**	**15**
	2015	**15**	**0**	**0**	**0**	**0**	**2**	**13**
	2016	**13**	**3**	**0**	**0**	**0**	**0**	**16**
Wisconsin								
	2014	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2015	**0**	**1**	**0**	**0**	**0**	**1**	**0**
	2016	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Outlets								
	2014	**92**	**45**	**5**	**0**	**0**	**8**	**124**
	2015	**124**	**21**	**3**	**0**	**0**	**14**	**128**
	2016	**128**	**26**	**4**	**0**	**0**	**1**	**149**

*Information provided is current as of April 30, 2016

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Exhibit G contains a list of our franchisees as of April 30, 2016, including those franchisees who have signed a franchise agreement but had not opened for business as of April 30, 2016, and a list of franchisees who left the System during the fiscal year ending April 30, 2016

We have communicated with all of our franchisees within 10 weeks of the issuance date of this Disclosure Document

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with us You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

We have not created, sponsored, endorsed or received a request to include in this Disclosure Document, a trademark specific franchisee organization associated with the franchise system being offered

TABLE NO 4
STATUS OF COMPANY OWNED OUTLETS
FOR FISCAL YEARS 2014 TO 2016*

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
California							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
Total Outlets							
	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0

*Information provided is current as of April 30, 2016

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TABLE NO 5
PROJECTED OPENINGS
AS OF APRIL 30, 2016 FRANCHISE OFFICE LOCATIONS

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
California	29	5	0
Florida	2	2	0
Illinois	2	1	0
New Mexico	1	1	0
New York	1	0	0
Tennessee	2	0	0
Texas	3	2	0
Total	41	12	0

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit H are our audited Financial Statements for the fiscal years ending on April 30, 2016, April 30, 2015 and April 30, 2014. Our fiscal year ends on April 30 of each year

ITEM 22
CONTRACTS

The following contracts are attached to this Disclosure Document

1 Franchise Agreement and Exhibits Exhibit B

2 Area Development Agreement and Exhibits Exhibit C

3 Software License Agreement Exhibit D

ITEM 23
RECEIPT

2 copies of an acknowledgment of your receipt of this Disclosure Document appear as Exhibit I Please return one copy to us and retain the other for your records

EXHIBIT A

TO THE FIESTA INSURANCE FRANCHISE CORPORATION FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

EXHIBIT A

TO THE FIESTA INSURANCE FRANCHISE CORPORATION DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS & STATE AGENTS FOR SERVICE OF PROCESS

The following is a list of state administrators and state agents for service of process responsible for registration and review of franchises We may register in one or more of these states

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677	California, Commissioner of the Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96810 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division, E-111 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division, Attn Franchise Section 525 West Ottawa G Mennen Williams Building, 1st Floor Lansing, Michigan 48933 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau P O Box 30054 6546 Mercantile Way Lansing, Michigan 48909 (517) 241-6345
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-4026	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 500 St Paul, Minnesota 55101-2198 (651) 296-4026

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau Franchise Section 120 Broadway 23rd Floor New York, New York 10271-0332 (212) 416-8236 Phone (212) 416-6042 Fax	Attention. New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Department 600 East Boulevard Avenue Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Director, Securities Division State of Rhode Island Department of Business Regulation Bldg 69, First Floor John O Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462 9582	Securities Division Department of Business Regulation, Bldg 69, First Floor John O Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island I 02920 (401) 462 9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-4823
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising, Ninth Floor 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051	Clerk, State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051
WASHINGTON	Department of Financial Institutions Securities Division P O Box 9033 Olympia, Washington 98507 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S W Tumwater, Washington 98501
WISCONSIN	Franchise Registration Division of Securities Wisconsin Department of Financial Institutions 201 West Washington Avenue Suite 300 Madison, Wisconsin 53703 (608) 266-1064	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue Suite 300 Madison, Wisconsin 53703 (608) 266-1064

EXHIBIT B

TO THE FIESTA INSURANCE FRANCHISE CORPORATION FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

FIESTA INSURANCE FRANCHISE CORPORATION

FRANCHISE AGREEMENT

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
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FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT

This **FRANCHISE AGREEMENT** (this "**Agreement**") is made and entered into as of _____, _____ (the "**Effective Date**"), by and between **FIESTA INSURANCE FRANCHISE CORPORATION**, a Delaware corporation ("**Franchisor**"), and _____ ('**Franchisee**"), with reference to the following facts

A Franchisor has the perpetual license to use and sublicense the use of "**FIESTA**" trademarks, service marks, logos and commercial symbols and business methods and offers franchises for sale which sell, service and offer insurance policies, retail tax preparation and tax filing services and other additional related services designated by Franchisor from time-to-time, to the public These business methods encompass all aspects of developing, operating and marketing an insurance agency and retail tax preparation and tax filing business and providing certain financial services to the public, specifications and procedures for operations, procedures for management control, training and assistance, specifications for equipment and fixtures, defined product offerings, Franchisor specified pricing, restrictions on ownership, advertising, public relations and promotional programs, the relationship between Franchisor and its franchisees, all of which may be changed, improved and further developed by Franchisor from time to time (collectively, the '**Fiesta System**")

B The Fiesta System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark **Fiesta** and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the Fiesta System (the "**Proprietary Marks**") and certain copyrights, including, but not limited to, the Fiesta logo, Fiesta Max logo and Fiesta character and such other copyrights as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the Fiesta System (the "**Copyrights**")

C Franchisee desires to obtain the right and privilege to operate one Fiesta insurance agency and retail tax preparation and tax filing business (the "**Franchised Business**") at a site (the "**Franchised Location**") located in the "**Protected Area**" defined in Section 1 4 of this Agreement and wishes to enter into an agreement with Franchisor for that purpose and to receive the training and other assistance provided by Franchisor under the terms and conditions contained in this Agreement

NOW, THEREFORE, THE PARTIES AGREE

1 **GRANT**

1 1 **Grant of Franchise** Franchisor hereby grants to Franchisee the non-exclusive right, and Franchisee undertakes the obligation, to use the Proprietary Marks, the Copyrights and the Fiesta System solely in connection with the continuous operation of the Franchised Business at the Franchised Location located in the Protected Area throughout the Initial Term Franchisee acknowledges that Franchisor may designate additional related services to be provided by Franchisee at the Franchised Business Franchisee shall not offer any products and services from the Franchised Location which are not designated by Franchisor as approved products and services without Franchisor's prior written consent Franchisee shall not without Franchisor's prior written consent, solicit the sale of insurance or offer tax preparation or tax filing services provided by the Franchised Business outside of the Protected Area, however, Franchisee may sell insurance and provide the tax preparation and tax filing services from the Franchised Business to persons

and entities located outside of the Protected Area so long as such sales do not result from any direct solicitation activities by Franchisee Franchisee shall not have the right to sublicense, sublease, subcontract or enter into any management agreement with any party providing for the right to operate the Franchised Business or to use the Fiesta System This Agreement confers no authority, express or implied, to accept, bind, or obligate Franchisor or any insurer represented by Franchisor, in any respect, whether as to risk being submitted for consideration or with respect to changes in the terms and conditions of any policy or binder offered through Franchisor, unless Franchisee is specifically authorized to do so in writing by Franchisor

1 2 **Use of Marks and Domain Names** To protect the Fiesta Proprietary Marks, the Copyrights, the Fiesta System and the goodwill associated with the same, Franchisee shall use the Proprietary Marks, the Copyrights, the Internet domain name www FiestaInsurance com, other Internet domain names, URLs, copyrights, toll-free telephone numbers and their mnemonics and other identifying marks constituting a part of the Fiesta System, now or in the future, only as authorized and directed by Franchisor and only in connection with the operation of the Franchised Business Nothing contained in this Agreement shall be construed to authorize or permit the use by Franchisee of the Fiesta System, the Proprietary Marks, the Copyrights, the Internet domain namewww FiestaInsurance com, any other Internet domain names, URLs, toll-free telephone numbers, or any confusingly similar imitations of the same, at any location other than the Franchised Location, on the Internet or for any other purpose whatsoever Franchisor shall use and permit Franchisee and other Fiesta Insurance franchisees to use the Proprietary Marks and Copyrights only in accordance with the Fiesta System and the standards and specifications attendant thereto which underlie the goodwill franchised with and symbolized by the Proprietary Marks and the Copyrights

1 3 **Franchised Location** To protect the Fiesta Proprietary Marks, the Copyrights, the Fiesta System and the goodwill associated with the same, Franchisee shall operate the Franchised Business only at the address listed on **Exhibit A** attached to this Agreement (the **Franchised Location**') Franchisee shall select the Franchised Location and operate the Franchised Business at the Franchised Location in accordance with the provisions of Section 5 below Franchisee shall be solely responsible for all expenses associated with the operation of the Franchised Business at the Franchised Location, including, but not limited to rent, payroll, taxes, office supplies, advertising, marketing, claims, and the defense of any lawsuits

1 4 **Protected Area**. During the Term, and provided that Franchisee is not in default of this Agreement or any other agreement between Franchisor, its affiliates, and Franchisee, Franchisor shall not own, operate, sell, or issue a franchise for any other Fiesta business within an area designated on **Exhibit B** attached to this Agreement (the **Protected Area**) Except as provided in this Section 1 4, Franchisee shall have no territorial or protective rights, and Franchisor shall have the right to place a Fiesta business anywhere it desires In addition, Franchisor and its affiliates retain the right, among others, in any manner and on any terms and conditions that Franchisor deems advisable, and without granting Franchisee any rights therein

(a) To own, acquire, establish, and/or operate, and to grant licenses and franchises to others to establish, own and operate, Fiesta businesses, at any location outside of the Protected Area (regardless of its proximity to the Protected Area)

(b) To own, acquire, establish and/or operate, and to grant licenses and franchises to others to establish, own and operate, businesses under other proprietary marks or other systems, whether such businesses are the same, similar, or different from the Franchised Business, at any location, whether inside or outside the Protected Area, and to purchase, merge, acquire or affiliate with any existing competitive or non-competitive franchise network, chain or any other business at any location, whether inside or outside of the Protected Area

(c) To offer and sell Fiesta (or any other brand) products and services (whether or not competitive) to customers located anywhere (including within the Protected Area) using any channel of distribution located anywhere, subject to certain conditions in relation to specific opportunities for Special Accounts as described below

(d) To market on the Internet and use the Proprietary Marks and Copyrights on the Internet, including the use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media

(e) To produce, license, distribute and market Fiesta branded items through any outlet, whether inside or outside of the Protected Area (regardless of its proximity to the Franchised Location), and through any distribution channel, including by means of the Internet mail order catalogs, direct mail advertising and other distribution methods

1 5 **Modification to Fiesta System and Manuals** Franchisee acknowledges that the Fiesta System, Franchisor's Confidential Operations Manual or any other manual loaned to Franchisee by Franchisor pursuant to Section 3 2 of this Agreement (collectively, the **Manual** '), and the services offered by the Franchised Business may be modified, (such as, but not limited to, the addition, deletion, and modification of operating procedures and services) from time to time by Franchisor Franchisor may, from time to time in its sole discretion, revise the Manual to incorporate Fiesta System changes Franchisor shall notify Franchisee of any such Fiesta System changes Franchisee shall implement any Fiesta System changes upon receipt of notice thereof from Franchisor, and shall complete their implementation within such time as Franchisor may reasonably specify Franchisee shall not implement any modification to the Fiesta System without the prior written consent of Franchisor Franchisee shall notify Franchisor of any proposed modification and shall provide Franchisor with such information as Franchisor requests regarding such modification Franchisor shall have the right to incorporate the modification into the Fiesta System without compensation to Franchisee

1 6 **Protected Area Rights Dependent on Good Standing** If Franchisee is not in Good Standing, Franchisor may reduce, eliminate or otherwise modify the Protected Area Franchisee is in **Good Standing'** if Franchisee (and each of Franchisee s owners and affiliates) is not in default of any obligation owed to Franchisor and/or any of Franchisor's affiliates or associates, whether arising under this Agreement or any other agreement between Franchisee (and each of Franchisee's owners and affiliates) and Franchisor and any of Franchisor's affiliates or associates, the Manuals or other System requirements (collectively, the **Obligations**"), provided that Franchisee is not in Good Standing if Franchisee has been in default of any Obligations and such defaults are incurable by nature and/or part of a series of repeated defaults as defined in this Agreement

2 INITIAL AND RENEWAL TERMS

2 1 **Initial and Renewal Terms** The initial term of this Agreement (the ' **Initial Term**"), except as otherwise provided in this Agreement, shall commence upon its execution by Franchisor, and shall automatically expire 5 years from the date Franchisee commences operations of the Franchised Business, unless sooner terminated under the terms of this Agreement Upon the expiration of the Initial Term, Franchisee shall have the right (the ' **Renewal Right**') to enter into a new franchise agreement in the form then generally being offered to prospective Fiesta franchisees (the "**Renewal Franchise Agreement**") for a five (5) year period (the "**Renewal Term**"), which Renewal Franchise Agreement shall likewise grant Franchisee the right to enter into one additional franchise agreement in the form then generally being offered

to prospective Fiesta franchisees (the "**Extension Franchise Agreement**") for a five (5) year period (the "**Extension Term**") **Term**" means the Initial Term, the Renewal Term and the Extension Term of this Agreement Franchisee acknowledges that the Commissions and other fees payable to Franchisor during the Renewal Term and Extension Term shall be at the rates then applicable to new franchisees The term of the Renewal Franchise Agreement and Extension Franchise Agreement, as applicable, shall commence upon the date of the expiration of the Initial Term or the Renewal Term, as applicable, provided, however, that Franchisee comply with each of the conditions for renewal described in Sections 2 2 through 2 4 of this Agreement

2 2 **Conditions for Renewal** Franchisee's Renewal Right is conditioned upon Franchisee's fulfillment of all of the following conditions precedent

2 2 1 At the time Franchisee delivers its Renewal Notice to Franchisor and at all times thereafter until the commencement of the Renewal Term, Franchisee shall not be in default of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, or its affiliates, or any standards set forth in the Manual, and Franchisee shall have substantially complied with all the terms and conditions of this Agreement, the Manual and any other agreements during the Term

2 2 2 Franchisee shall not have committed three (3) or more material defaults of Articles 4, 7, 8, 9, 10, 11, 12 or 17 during any twelve (12) month period during the Term for which Franchisor shall have delivered notices of default, whether or not such defaults were cured

2 2 3 Franchisee shall have in all material respects maintained its status as a Fiesta franchisee in Good Standing throughout the Term

2 2 4 Franchisee shall, at Franchisor s option, execute Franchisor s then-current form of Franchise Agreement and any addenda thereto, for the Renewal Term, which agreement shall supersede this Agreement in all respects, and the terms of which may differ materially and be less advantageous to Franchisee than the terms of this Agreement

2 2 5 Franchisee shall satisfy Franchisor's then-current training requirements

2 2 6 Franchisee shall execute a General Release, in substantially the form of **Exhibit I** attached to this Agreement

2 2 7 Franchisee shall pay Franchisor a fee in the sum of $10,000 for the right to renew the Term

2 3 **Form and Manner of Renewal and Extension** The Renewal Right shall be exercised, if at all, strictly in the following manner

2 3 1 Between 8 months and 14 months before the expiration of the Term, Franchisee shall notify Franchisor in writing (the "**Renewal Notice**") that it intends to exercise its Renewal Right and no sooner than immediately after the expiration of any waiting period(s) by Applicable Law and no more than thirty (30) days after Franchisee receives Franchisor s Disclosure Document, if applicable, and execution copies of the Renewal Franchise Agreement, Franchisee shall execute the copies of the Renewal Franchise Agreement and return them to Franchisor

2 3 2 If Franchisee shall have exercised its Renewal Right in accordance with Section 2 3 1 and satisfied all of the conditions contained in Section 2 2, Franchisor shall execute the Renewal Franchise Agreement executed by Franchisee and at or prior to the expiration of the Term deliver one fully executed copy thereof to Franchisee

2 3 3 If Franchisee fails to perform any of the acts, or deliver any of the notices required under Sections 2 2 or 2 3 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise its Renewal Right and shall automatically cause the Renewal Right to lapse and expire

2 3 **Renewal Pending Registration** If Franchisor is not offering new franchises, is in the process of revising, amending or renewing Franchisor's form of Franchise Agreement or Franchise Disclosure Document or is not lawfully able to offer Franchisee Franchisor's then-current form of Franchise Agreement at the time Franchisee exercises an option to extend the Term, Franchisor may offer to renew Franchisee's existing Franchise Agreement upon the terms and conditions set forth in this Agreement for the Renewal Term of the franchise, or may offer to renew the Term on a week-to-week basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer Franchisee Franchisor s then-current form of Franchise Agreement.

3 DUTIES OF FRANCHISOR

3 1 **Consultation and Advisory Services** Franchisor may at reasonable times, upon request and at no charge to Franchisee, furnish counseling and advisory services to Franchisee with respect to the planning, opening and operation of the Franchised Business, including consultation and advice regarding operating problems and procedures, new developments and improvements in the Fiesta System and the interpretation of policy as set forth in the Manual and other directives of Franchisor Franchisee shall permit Franchisor or its agents, at any reasonable time, to evaluate the management and operation of the Franchised Business to confirm that Franchisee complies with Franchisor s then-current methods and procedures Franchisor may conduct, when and as frequently as Franchisor deems advisable, evaluations of the management and operations of the Franchised Business, in order to assist Franchisee and to maintain the Fiesta System's standards of service Franchisee acknowledges and agrees that Franchisor, by rendering such consultation and advisory services, does not guarantee the success or profitability of the Franchised Business

3 2 **Manuals and Other Materials** Franchisor shall provide Franchisee with the Manual and other proprietary materials which contain mandatory and suggested operating procedures and rules prescribed by Franchisor from time to time Franchisor shall loan one copy of the Manual and other materials to Franchisee during the Term

3 3 **Franchisor's Rights** In fulfilling its obligations to Franchisee pursuant to this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement for or on behalf of the Fiesta System, Franchisor and its affiliates shall have the right to take into account, as Franchisor sees fit, the effect on, and the interests of, other Fiesta businesses in which Franchisor has an interest and on Franchisor s own activities, to share research, and other proprietary and non-proprietary business information, with other Fiesta businesses in which Franchisor has an interest, or with Franchisor s affiliates, and to delegate any duty or obligation imposed on Franchisor by this Agreement to any designee, employee or agent of Franchisor, as Franchisor may direct

3 4 **Delegation of Obligations** Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any designee, employee, or agent of Franchisor, as Franchisor may direct Franchisor reserves the right to retain the services of a master developer in the geographic area in which the Franchised Business shall be located In such event, the master developer, on behalf of Franchisor, shall perform certain sales, site assistance, and support services as directed by Franchisor Franchisee consents and agrees to any such delegation and assignment by Franchisor of all or any portion of Franchisor's obligations and rights under this Agreement to a master developer and acknowledges that Franchisee is not a third party beneficiary of any master developer agreement or any other agreement between Franchisor and any master developer

4 FEES AND COMMISSIONS

4 1 **Initial Franchise Fee** Franchisee shall pay Franchisor an initial franchise fee of $10,000 upon execution of this Agreement (the "**Initial Franchise Fee**") The Initial Franchise Fee shall be deemed fully earned and non-refundable when paid, in consideration of administrative and other expenses incurred by Franchisor in selecting and accepting Franchisee as a franchisee, in training Franchisee, and for Franchisor s lost or deferred opportunities to enter into this Agreement with others If Franchisor, in its sole and absolute discretion, elects to finance any portion of the Initial Franchise Fee, Franchisee shall execute a Promissory Note for the amount financed in substantially the form of the Promissory Note attached to this Agreement as **Exhibit G** The Promissory Note shall be secured by the assets of the Franchised Business and Franchisee shall execute a Security Agreement in the form attached to this Agreement as **Exhibit H** In addition, if Franchisee is an entity, each shareholder, officer, director, general partner manager and member of Franchisee, as the case may be, shall jointly and severally guarantee Franchisee s payment and performance of each and every provision of the Promissory Note by executing a Guarantee in the form attached to this Agreement as **Exhibit D**

4 2 Policy Manager and Insurance Rating Management Software Fees

4 2 1 Franchisee shall pay to Franchisor a monthly fee for the use of the Fiesta Policy Manager Software The monthly fee is currently $200 and may be subject to change on thirty days advance written notice to Franchisee from Franchisor

4 2 2 Franchisee shall pay to Franchisor or Franchisor's approved rating software vendor a monthly fee for the use of the Insurance Rating Software The cost of this software varies from state to state On the Effective Date, the costs range from $100 to $250 per month and may be subject to change on thirty days advance written notice to Franchisee from Franchisor

4 3 **Insurance Premium Revenue** In accordance with applicable state laws and regulations, Franchisor and its affiliates shall have the sole right and obligation to invoice and collect all "**Insurance Premium Revenue**" due from Franchisee's clients under their respective insurance policies, plus all permitted set up fees and premiums (collectively, the "**Gross Insurance Revenue**") Following Franchisor's receipt of the Gross Insurance Revenue from Franchisee's clients, Franchisor shall calculate the amount of "**Commissions**" and "**Brokers Fees**" due to Franchisee under Section 4 4 of this Agreement Franchisor shall pay the Commissions and any Broker's Fees collected by Franchisor due to Franchisee on the tenth day of each month following the month in which the Gross Insurance Revenue is deposited into Franchisor's trust accounts Each monthly payment of Commissions shall be accompanied by a statement setting forth the amount of Gross Insurance Revenue deposited into Franchisor's trust accounts during the previous month

and a calculation of the Commissions due to Franchisee from Franchisor Where state law allows, Franchisor shall receive a ' **Set Up Fee**" (defined below) from Franchisee

4 4 **Commissions and Fees**

4 4 1 Franchisor shall establish and exclusively maintain and control separate trust and operating banking accounts from which all funds originated from Franchisee and Franchisee's insurance clients shall be deposited Additionally, Franchisor shall establish separate producer codes to track all funds originated from Franchisee All of Franchisee s insurance funds shall be deposited into and paid out of Franchisor's trust account Franchisee shall be responsible for all fees, charges, Franchisee's portion of charge-backs and unearned commissions, and costs associated with Franchisee's office

4 4 2 Franchisor may, in its own discretion, advance funds on behalf of Franchisee to cover over-drafts or other expenses In the event such funds are advanced, Franchisee shall reimburse Franchisor for any advancement of funds within 10 days of the date of the advancement Franchisee's failure to comply with this provision shall be deemed a breach of this Agreement

4 4.3 Franchisor shall receive a varying commission, dependent upon the insurance company and the standard and quality of the risk for each insured of all commissions received by Franchisee from the carriers for policies procured solely by Franchisee's efforts Subject to **Exhibit E**, the commission due to Franchisor shall be the greater of twenty percent (20%) to twenty-five (25%) of the Gross Insurance Revenue or $250 per month (the "**Commissions**") A schedule of variable rates of Commissions is attached to this Agreement as **Exhibit E**

4 4 4 Subject to applicable state law, Franchisor shall receive a set-up fee ranging from $5 00 to $15 00 for each new policy and rewrite policy file opened (a **Set Up Fee**') unless otherwise agreed in writing at a later date by the parties

4 4 5 If any insurance policy, which Franchisee has procured for Franchisor, is cancelled and unearned commissions and/or broker's fees are due, Franchisee shall be liable to pay for Franchisee's portion of the unearned commissions and unearned broker's fees Franchisor may off-set Franchisee's portion of unearned commissions and unearned broker's fees against future compensation due to Franchisee

4 5 **Marketing Fund Contribution**

4 5 1 Franchisor has established in California, and may, in the future, in its sole discretion, establish other regional Marketing Funds or a national Marketing Fund (a **Marketing Fund**') to promote and enhance the image, brand identity and patronage of Fiesta Insurance Franchised Businesses If the Franchised Business is located in California or if the Franchised Business is located outside of California and Franchisor elects to establish other regional or a national Marketing Funds in the market area of the Franchised Business following the Effective Date, Franchisee shall make a contribution to the Marketing Fund each calendar month (the '**Monthly Marketing Contribution**") in the amount designated and required by Franchisor from time to time, which is currently $1,000 per calendar month for California franchisees and which shall not exceed $2,000 per calendar month for any Fiesta franchisee

4 5 2 If Franchisee is a new Fiesta franchisee, Franchisee shall be entitled to a one-time discount in the amount of Franchisee s Monthly Advertising Contribution for one year after the opening date of the Franchised Business, payable as follows

Months 1 – 6	No Monthly Advertising Contribution
Months 7 – 12	50% of Monthly Advertising Contribution
Months 13+	100% of Monthly Advertising Contribution

4 5 3 The discount of the Marketing Advertising Contribution shall not be available to existing Fiesta franchisees who sign renewal Franchise Agreements or otherwise renew their Franchise Agreements or to buyers of Franchised Businesses from existing Fiesta franchisees

4 6 **Book of Business** For purposes of this Agreement, "**Book of Business**" means all insurance customers and renewal customers of policies written by Franchisee during the term, and pursuant to the terms of this Agreement The Book of Business shall not be transferred, sold, leased, hypothecated, encumbered, or offered as security, without the express written consent of Franchisor Additionally, Franchisor shall have a first right of refusal to purchase the Book of Business during the Term in accordance with Section 14 5 of this Agreement

4 7 **Commissions After Termination** All payments under Section 4 3 of this Agreement shall immediately and permanently cease after the expiration or termination of this Agreement, however, Franchisor shall pay Franchisee all amounts which have been earned by, and accrued to, Franchisee as of the effective date of expiration or termination of this Agreement and shall be entitled to offset all sums due to Franchisor by Franchisee

4 8 **Application of Payments and Refunds** All payments due to Franchisee under Section 4 3 of this Agreement shall be based on amounts actually collected by Franchisor from Franchisee's clients, not on payments accrued, due, or owing, and Franchisee acknowledges and agrees that Franchisor has no duty to initiate collection action against a delinquent client If Franchisor becomes legally obligated or decides for any reason to return any portion of Insurance Premium Revenue to a client of Franchisee, Franchisee shall refund the portion of the amount to be returned to the client to Franchisor upon demand in the same proportion as Franchisee shared in such Insurance Premium Revenue, or Franchisor may deduct the portion of the amount to be returned to the client, in the same proportion as Franchisee shared in such Insurance Premium Revenue from any future amounts owed to Franchisee by Franchisor

4 9 **Interest on Late Payments** If Franchisee fails to pay amounts due to Franchisor when due, Franchisor may charge interest on unpaid amounts at a rate not to exceed the maximum rate allowed by law until these amounts are paid Franchisor may, in Franchisor's sole discretion, allow Franchisee additional time to pay amounts Franchisee owes Franchisor, however, Franchisor may still charge Franchisee interest until these amounts are paid Furthermore, if Franchisee fails to pay amounts due, Franchisor may also refuse to honor check requests, commission draws and other requests Franchisee may make until the balance with any accrued interest has been paid

4 10 **Third Party Reimbursement Fees.** Franchisee must reimburse Franchisor for the actual or pro-rata expenses Franchisor incurs on Franchisee's behalf or on behalf of Franchisee s customers for fees such as motor vehicle reports, licensing fees, clue reports, and the like Such reimbursement shall be payable on the 10th day of the month following the month when the expense was incurred on Franchisee's behalf

4 11 **Advertising Reimbursement Fees.** Franchisee must reimburse Franchisor for one hundred percent (100%) of the actual payments Franchisor makes to others on Franchisee s behalf (if any) for pre-approved advertising expenses Such reimbursement shall be payable on the 10th day of the month following the month when the expense was incurred on Franchisee's behalf

4 12 **Violation Penalties** Franchisee shall comply with all requirements in the Confidential Operating Manual regarding the reporting of insurance policy information to Franchisor If Franchisor is required to provide administrative services to process an accounting violation penalty, a scanning violation penalty or a deposit violation penalty by Franchisee, Franchisee shall pay Franchisor, upon demand, $10, $25 and $50 per violation, respectively as a violation fee

4 13 **Fees and Reports for Tax Preparation Services** Franchisor and its affiliates shall have the sole right and obligation to invoice and collect all fees (collectively, "**Gross Tax Return Revenue**") due from Franchisee's clients for the tax returns prepared by Franchisee Following Franchisor's receipt of the Gross Tax Return Revenue from Franchisee's clients, Franchisor shall calculate and retain the royalty fee due to Franchisor in the amounts set forth on **Exhibit E** for each tax return Franchisee files on behalf of a taxpayer ("**Tax Preparation Royalty Fees**") After deducting the Tax Preparation Royalty Fees due to Franchisor, Franchisor shall pay the remaining amount of the Gross Tax Return Revenue collected by Franchisor on the tenth day of each month following the month in which the Gross Tax Return Revenue are collected by Franchisor Franchisor shall additionally provide Franchisee with a report and reconciliation of all tax returns filed by Franchisee by the tenth day of each month for tax returns filed during the previous month Tax Preparation Royalty Fees shall be paid to Franchisor electronically by the "**Financial Vendor**" (as defined in Section 8 2), if Franchisee provides a customer with "**Bank Products**" (as defined in Section 8 2) Franchisee shall execute one or more ACH Payment Authorizations (or another form as Franchisor or a bank may require) and shall provide Franchisor with the bank name, routing number, account number and bank address authorizing the electronic payment of Franchisor's Tax Preparation Royalty Fees at the time they are electronically disbursed to Franchisee by the banks

4 14 **Marketing Package Fee** Franchisee shall pay Franchisor a marketing package fee of $3,500 before commencing operation of the Franchised Business for certain marketing materials, business cards, artwork and supplies to promote insurance sales, which will include indoor branded materials, a mascot costume, and a branded arrow

4 15 **Tax Preparation Software** Franchisee shall pay Franchisor $250 on December 10th and January 10th of each year during the Term of this Agreement for the software required to prepare and file tax returns for the Franchised Business

4 16 **Gross-Up Fees** Franchisor may directly deduct from the portion of Gross Insurance Revenue and/or Gross Tax Return Revenue due to Franchisee or require that Franchisee pay Franchisor, upon demand, whether in arrears, in advance, in a lump sum or in the manner prescribed by Franchisor, the amount of all taxes paid by Franchisor to any governmental authority on revenue earned or collected by Franchisor based upon Franchisee's use of Franchisor's intellectual property or other intangibles or based upon the existence of this Agreement, within the governmental authority's domain during each of Franchisor's fiscal years throughout the Term

4 17 **Security Interest**.

4 17 1 Franchisee hereby grants Franchisor a security interest in and to all leasehold improvements, fixtures, furnishings and equipment, inventory, supplies and vehicles located at or used in connection with the Franchised Business, now or hereafter acquired by Franchisee, together will all accounts, payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of such assets, all rights of Franchisee to use the

Proprietary Marks, trade names, trade styles, patents, Copyrights and their registrations, trade secret information and other proprietary rights, and all rights granted, owned or licensed to Franchisee under this Agreement for the use of the Proprietary Marks, trade names, trade styles, patents, Copyrights, trade secret information and other proprietary rights, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, from Franchisee to Franchisor Franchisee hereby authorizes Franchisor to, prepare and file all Uniform Commercial Code financing statements and other documents necessary or desirable to evidence, perfect and continue the priority of this security interest under the Uniform Commercial Code wherever applicable

4 17 2 If Franchisee is in Good Standing under this Agreement and all other agreements between Franchisor or its affiliates, and Franchisee, Franchisor shall, upon request of Franchisee, execute a written subordination of its security interest to lenders and/or lessors providing equipment or other financing for the Franchised Business

4 17 3 If Franchisee is in default of any of the terms and conditions of this Agreement, Franchisor may, in its discretion, exercise its rights with respect to its security interest In such event, Franchisee shall remain liable for any deficiency remaining due to Franchisor and shall be entitled to recover any surplus which results after the application of the proceeds derived from the enforcement of the security interest

5 SITE SELECTION AND OPENING

5 1 Site Selection

5 1 1 If the parties have not designated the street address of the Franchised Location on **Exhibit A** on the Effective Date, Franchisee shall identify, submit and obtain Franchisor's prior written approval of the Franchised Location meeting the requirements of this Agreement prior to entering a lease or sublease for the Franchised Location Franchisee shall provide Franchisor all information required by Franchisor, as determined by Franchisor in Franchisor's sole determination, necessary for Franchisor to evaluate the Franchised Location Franchisor shall have ten (10) business days to review Franchisee's written site proposal for the Franchised Location and notify Franchisee of its approval or disapproval in writing Franchisor's failure to respond within ten (10) business days shall signify Franchisor's disapproval of the site Franchisor shall not unreasonably withhold Franchisor's approval of a proposed site for the Franchised Location

5 1 2 Franchisee must have a site for the Franchised Location approved by Franchisor, receive the opening notice from Franchisor described in Section 5 4 below, and open Franchisee's Franchised Business for business within six (6) months from the Effective Date, unless otherwise agreed by Franchisor Franchisee understands that the site for the Franchised Location must be in an area of high visibility and commercial foot traffic and preferably adjacent to a chain grocery store Franchisee must not operate a Franchised Business, use any of the Proprietary Marks from or at any location, or make any commitments for a site until Franchisee has Franchisor's written site approval Approval by Franchisor of any location is not a recommendation or endorsement of the site Franchisor makes no representations or warranties as to the success of any site or as to any other matter of any kind relating to the site

5 1 3 If Franchisee is unable to commence operation of the Franchised Business within six (6) months of the Effective Date, or as otherwise agreed by Franchisor, then Franchisor may terminate this Agreement without refunding any of the Initial Franchise Fee

5 1 4 All matters related in any way to Franchisee s site are Franchisee's sole responsibility, regardless of any assistance Franchisor may choose to provide Franchisee is responsible for obtaining any architectural and engineering services required for Franchisee's facility and for ensuring its compliance with local law Neither Franchisor, nor any other person or company associated with Franchisor shall have any liability for any site-related matter Franchisee agrees not to make any claims against Franchisor and/or any of Franchisor s affiliates or associates with regard to such matters

5 1 5 Franchisee may not operate the Franchised Business from Franchisee's home under any circumstances

5 2 **Lease of Franchised Location** Any lease or sublease for the Franchised Location must be satisfactory to Franchisor in its sole discretion and must, in any event, contain provisions set forth in Sections 5 2 1 through 5 2 6 below

5 2 1 Obligate the lessor to provide Franchisor on request with sales and other operations information related to the Franchised Business

5 2 2 Permit Franchisee to operate the Franchised Business in accordance with this Agreement and the Manual.

5 2 3 Provide that the Franchised Location shall be used only for the operation of a Franchised Business, and prohibit Franchisee from assigning or modifying any of Franchisee's lease rights, or extending the term without Franchisor's prior written consent.

5 2 4 Require the lessor to concurrently provide Franchisor with a copy of any written notices (whether of default or otherwise) to Franchisee under the lease and give Franchisor the right to cure any default if Franchisor so chooses

5 2 5 Provide Franchisor with a right to take an assignment and physical possession of the Franchised Location without the lessor's consent or any additional consideration if Franchisee defaults (and/or there is a termination, cancellation, rescission or expiration of Franchisee's rights) under the lease, any sublease, this Agreement or any other agreement between Franchisee and Franchisor (or any affiliate) If Franchisor exercises this right, Franchisor shall not have any liability for any obligations incurred prior to Franchisor's occupancy Franchisee shall take whatever actions are necessary to secure such assignment and shall, when Franchisee signs this Agreement, also sign and cause the lessor of the Franchise Location to sign the Collateral Assignment of Lease attached as **Exhibit F** If Franchisee loses its lease rights to the Franchised Location in connection with any bankruptcy, the lessor shall, on Franchisor's request, enter into a new lease with Franchisor on essentially the same terms as the terminated lease

5 2 6 Provide that the lessor consents to the use of the Proprietary Marks, Trade Dress and other aspects of the System, as modified from time to time, and give Franchisor the right to enter the Premises during normal business hours for purposes of inspection, to take steps to protect the Proprietary Marks and Trade Dress and/or prevent or cure any default

Franchisee shall not execute a lease or sublease, or any modification or amendment, without Franchisor's prior written consent, which Franchisor may grant, condition or withhold in Franchisor's sole discretion Franchisee shall deliver a copy of the signed lease or sublease to Franchisor within 5 days after it is signed If Franchisor owns or acquires the Franchised Location and Franchisor so requests, Franchisee shall

enter into a lease with Franchisor for a term equal to the term of the Franchise (with matching successor and other terms) on commercially reasonable terms, and shall sublease the Franchised Location from Franchisor on the same terms as the prime lease, subject to the requirements of this Section 5 2 and granting Franchisor benefits substantially identical to those set out above If such provisions are not included in the lease or other instruments Franchisor may, without liability and at Franchisor's sole option at any time require that Franchisee immediately cause such provisions to be inserted, or terminate Franchisee s rights and Franchisor's obligations under this Agreement.

5 3 **Design Standards** To protect the Fiesta Proprietary Marks, the Copyrights, the Fiesta System and the goodwill associated with the same, Franchisee shall comply with any standards, specifications and other requirements (the "**Design Standards**") that Franchisor provides to Franchisee for design, decoration, layout, equipment, furniture, fixtures, signs and other items for the Franchised Business Any changes from plans provided by Franchisor must be submitted to Franchisor for its consent, which may be provided in Franchisor's Business Judgment Franchisee's compliance with the Design Standards does not release Franchisee from its obligations to ensure that the Franchised Business is designed, constructed and operated in compliance with all local, state, and federal laws, including (without limitation) the Americans with Disabilities Act ('**ADA**") Franchisee shall post, hang, display and/or provide to customers information supplied or required by Franchisor from time to time that provides the customer with information about the Fiesta System to raise their awareness of the Fiesta Insurance brand and the Fiesta System

5 4 **Opening** Franchisee shall open the Franchised Business for business immediately upon Franchisor's notice to Franchisee that

5 4 1 All of the pre-opening obligations have been fulfilled

5 4 2 Pre-opening training has been completed

5 4.3 All amounts due Franchisor (and/or any affiliate) have been paid

5 4.4 Copies of all insurance policies (and payment of premiums), leases/subleases and other required documents have been received Franchisee shall comply with these conditions and be prepared to open the Franchised Business for business within the periods of time specified by this Agreement and, in any case, Franchisee shall open the Franchised Business for business and commence business pursuant to this Agreement within 5 days after Franchisor gives notice to Franchisee stating that the Franchised Business is ready for opening

5 5 **Relocation of Franchised Business** Any relocation of the Franchised Business

5 5 1 Must be to a location within the Protected Area

5 5 2 Requires Franchisor's prior written consent, which Franchisor may grant, condition or withhold in Franchisor's sole discretion (and which may be withheld, in any case, if Franchisee is not in Good Standing)

5 5 3 Shall be at Franchisee's sole expense

5 5 4 Shall require that Franchisee (and each affiliate and owner of Franchisee) sign a General Release in substantially the form of **Exhibit I** attached to this Agreement If the location of the

Franchised Business is damaged, condemned or otherwise rendered unusable, or if, in Franchisee's and Franchisor s judgment, there is a change in the character of the location of the Franchised Business sufficiently detrimental to its business potential to warrant its relocation, Franchisee shall relocate the Franchised Business

5 5 5 To protect the Fiesta Proprietary Marks, the Copyrights, the Fiesta System and the goodwill associated with the same, Franchisee may not operate or relocate the Franchised Business from any location other than the Franchised Location without Franchisor's prior written consent, which may be withheld or denied in Franchisor's sole discretion If Franchisor approves a new Franchised Location of the Franchised Business, Franchisee shall have twelve (12) months from the date of Franchisor's approval of the new Franchised Location in which to secure the new Franchised Location and to open and operate the Franchised Business at the new Franchised Location Once Franchisee has identified the new Franchised Location and Franchisor has approved it, and the lease has been reviewed and is acceptable to Franchisor, Franchisor will prepare a new copy of **Exhibit A** and provide it to Franchisee If Franchisee fails to secure the new Franchised Location within twelve (12) months of the date of Franchisor's approval of the new Franchised Location, Franchisor shall have the right to estimate and bill Franchisee for continuing fees for the time period following the twelve (12) months based upon the Gross Insurance Revenue and Gross Tax Return Revenue (collectively, the "**Gross Franchise Revenue**") at the Franchised Business during the identical period(s) of the last preceding calendar year plus an additional ten percent (10%) of such amount or, if the Franchised Business was not in operation during the identical period of the last preceding year, based upon the average Gross Franchise Revenue during the number of months the Franchised Business was in operation plus an additional ten percent (10%) of such amount

6 TRAINING

6 1 **Initial Training Program** Prior to the opening of the Franchised Business, Franchisee (or, if Franchisee is a corporation, partnership, or limited liability company, a principal of Franchisee acceptable to Franchisor and who owns at least a fifty percent (50%) equity interest in Franchisee) shall attend and complete to Franchisor s satisfaction, Franchisor's initial training program for Fiesta Insurance franchisees, including a review of the sales support guide that Franchisor provides to Franchisee at least one week before Franchisee opens the Franchised Business Franchisor shall provide such training without charge to one trainee, who may be Franchisee or another supervisorial or managerial person selected by Franchisee Following the completion of the initial training program, Franchisee shall provide such initial training program to all of Franchisee s employees and independent contractors who have been approved by Franchisor who shall have direct contact with Franchisee s clients Franchisee shall be responsible for all expenses incurred in connection with attending the initial training program including, without limitation, the costs of transportation, lodging, meals, and wages Franchisor shall, in its sole discretion, select the time and location of the initial training program The initial training program shall not be provided if (i) Franchisee or any affiliate of Franchisee (or an owner of either) owns or operates a Fiesta Insurance Franchised Business as of the Effective Date, or (ii) this Agreement is executed as a Renewal Franchise Agreement

6 2 **New Employee Training (Mandatory)** All supervisorial or managerial employees having direct contact with clients must successfully complete training and attend any additional courses, seminars and other training programs Franchisor reasonably requires Franchisee must pay for the expenses associated with additional initial training, including the then prevailing standard training fee Franchisor charges for initial training (currently $250 per day per person plus the travel costs and accommodation if the trainer travels to Franchisee's office) Franchisee shall be responsible for all other expenses which are incurred with

the courses (including expenses related to Franchisor's support training personnel), and for the cost of transportation, moderately-priced lodging, meals, and wages

6 3 **Additional Training Programs** Franchisee and all of Franchisee s supervisorial or managerial employees and/or independent contractors who shall have direct contact with Franchisee's clients shall attend all additional courses, seminars and other training programs as Franchisor may reasonably require from time to time Franchisee shall pay Franchisor any fee which may be charged by Franchisor to Franchisee and other Fiesta Insurance franchisees to defray the direct costs of providing these programs Franchisee shall be responsible for all expenses incurred by Franchisee and Franchisee's employees in attending such additional training programs including, without limitation, the costs of transportation, lodging, meals, training materials and wages Franchisor shall, in its sole discretion, select the time and location of all additional training programs At all times during the Term, Franchisee shall employ an adequate staff of employees working at the Franchised Business who shall have been fully and adequately trained by Franchisee s supervisorial or managerial personnel, in Franchisor's judgment

6 4 **Remedial Training** If Franchisor determines it to be necessary, Franchisor may provide Franchisee or Franchisee s supervisorial or managerial personnel with remedial training or assistance subject to the availability of Franchisor's personnel. Franchisee shall pay Franchisor any fee which may be charged by Franchisor to Franchisee and other franchisees to defray the direct costs of providing this remedial training In addition, Franchisee shall be responsible for any and all other expenses incurred in connection with sending Franchisee's employees to such remedial training including, without limitation, the costs of transportation, lodging, meals, training materials and any wages Franchisor shall, in Franchisor's sole discretion, select the time and location of all remedial training

6 5 **Control** Franchisee acknowledges and agrees that Franchisee alone shall exercise day-to-day control over all operations, activities and elements of the Franchised Business, including over Franchisee's employees, and that under no circumstance shall Franchisor do so or be deemed to do so Franchisee further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the Fiesta System with which Franchisee must comply under this Agreement, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards to which Franchisee must adhere when exercising Franchisee's control over the day-to-day operations of the Franchised Business consistent with the policies of Franchisor Franchisee alone shall establish all requirements, consistent with the policies of Franchisor, regarding· (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees, (ii) the individuals to whom Franchisee will offer and sell its products and services, and (iii) the suppliers from whom Franchisee obtains any products or services used in or at the Franchised Business for which Franchisor has not established Fiesta approved suppliers

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7 INSURANCE SERVICES

To protect the Fiesta Proprietary Marks, the Copyrights, the Fiesta System and the goodwill associated with the same

7 1 Insurance and Licensing.

7 1 1 Franchisee shall solicit insurance exclusively on behalf of Franchisor, except as otherwise authorized, in advance, in writing, by Franchisor Franchisee shall only write insurance policies with insurance carriers and premium financing companies as are provided by Franchisor Franchisee shall use Franchisee's best efforts in the procurement of insurance for Franchisor

7 1 2 Franchisee warrants and represents that Franchisee is or has in Franchisee's employ an insurance agent fully and currently, licensed to operate in the relevant state and shall maintain in good standing any required insurance license Moreover, Franchisee shall maintain, in good standing, an action notice as an agent for Franchisor, filed with the relevant State Department of Insurance

7 1 3 If Franchisee's insurance license is revoked, suspended or restricted or an action is instituted by the relevant Commissioner of the Department of Insurance or any other governmental agency to revoke, suspend or restrict the license, Franchisee shall immediately notify, in writing, Franchisor If Franchisee fails to maintain in good standing any insurance license and action notice as an agent with Franchisor with the relevant Department of Insurance, Franchisor shall have the right to immediately terminate this Agreement, without notice During the time period that Franchisor's insurance license and action notice are not in good standing, Franchisee shall not earn commissions/compensation and shall remit to Franchisor any and all commissions/compensation paid during the aforementioned time period

7 1 4 Franchisee warrants and represents that neither Franchisee nor any of its employees, agents, representatives or owners have ever been subject to disciplinary proceedings by the relevant State Commissioner of the Department of Insurance or any other governmental agency

7 1 5 The warranties, covenants and conditions set forth in Section 7 1 1 – 7 1 4 shall also apply to all of Franchisee's employees and agents that are required to be licensed under the law

7 2 **Insurance Standards** Franchisee shall operate the Franchised Business in strict conformity with such methods, standards and procedures as Franchisor may from time to time prescribe in the Manual or otherwise in writing Franchisee shall refrain from (i) deviating from such methods, standards and procedures without Franchisor s prior written consent, and (ii) otherwise operating in any manner which reflects adversely on the Proprietary Marks, the Copyrights or the Fiesta System Franchisee shall comply, at Franchisee's sole expense, with any and all applicable local, state and federal codes, regulations, ordinances, rules and orders relating to the Franchised Business, including, without limitation, all insurance certification and registration requirements of the state in which the Franchised Business is located Franchisee shall follow the guidelines and polices set forth in the Manual, which may be modified from time to time by Franchisor in its sole discretion In particular, Franchisee shall comply with the following specific requirements at all times during the Term

7 2 1 Franchisee shall be responsible for the accuracy and timeliness of all applications and corresponding documentation necessary for procurement of the insurance and submission to the carrier

Failure to comply may subject Franchisee to immediate termination of this Agreement, without notice, a monetary fine, and/or other disciplinary action

7 2 2 Franchisee shall be responsible for collection of the full amount of the down payment due from the insured, including broker s fees, percentage of premium, policy fees, and other miscellaneous fees Franchisee shall be held liable for the amount of the down payment not received by Franchisor

7 2.3 Franchisee shall not accept funds in Franchisee's own name, nor co-mingle trust funds with personal funds All funds must be remitted in a form acceptable to Franchisor and made payable to Franchisor Franchisee shall use only Franchisor's receipt book for all transactions

7 2 4 Franchisee shall bind coverage immediately upon accepting each application, according to each carrier's binding procedure Documentation and funds must be submitted to Franchisor's corporate office within 24 hours after execution of the application Failure to timely submit the completed application, documentation and funds may jeopardize Franchisor's binding authority with its carriers Accordingly, in the event Franchisee fails to comply with this Section 7 2 4, Franchisor may immediately terminate this Agreement, without notice Additionally, Franchisee may be subject to a monetary penalty and other disciplinary action

7 2 5 Franchisee shall only use Franchisor's forms, contracts and agreements in connection with Franchisee's solicitation and procurement of insurance as an agent for Franchisor Additionally, Franchisee shall not use any fictitious, corporate or other names in association with solicitation of insurance under this Agreement

7 2.6 Franchisee shall not contract with any insurance carriers, managing general agents, general agents, brokerages, agencies, sub-brokers, or any other individual or entity with respect to the solicitation of insurance, without the prior written consent of Franchisor

7 2 7 Franchisee may hire, employ, contract with any individual or entity to assist Franchisee in soliciting insurance, with prior authorization, in writing, by Franchisor All new hires must execute an employment contract or independent contractor agreement with Franchisee which form much comply with state law, be a licensed insurance agent, licensed by the Department of Insurance, if applicable, and have an action notice filed with the relevant State Department of Insurance, if applicable

7 2 8 Franchisee agrees, upon execution of this Agreement, to provide Franchisor with a copy of Franchisee's insurance broker-agent license, city business license, and commercial real estate agreements

7 2.9 Franchisee shall comply with any future System standards regarding inter-franchise sales and System-wide cooperation For example, a System standard may develop that would allow customers of any Franchised Business to buy a coupon which could be redeemed through any other Franchised Business Franchisor may have the opportunity to enter into arrangements to provide services to corporations, entities, local school districts, social services or other government and non-government agencies and institutions Such opportunities shall be referred to as **"Special Accounts"** Franchisee shall participate with the terms of Special Account arrangements as Franchisor may specify from time to time

8 TAX PREPARATION AND TAX RETURN FILING SERVICES

8 1 **Electronic Filing Identification Number** Franchisee shall obtain and maintain an Electronic Filing Identification Number from the Internal Revenue Service ("**IRS** ') throughout the Term

8 2 **Bank Products** In conjunction with the electronic filing of tax returns ('**e-filing**'), Franchisee shall offer available bank products, electronic refund checks and other related financial products and services which allow taxpayers to decrease the waiting period for receiving tax refunds (collectively "**Bank Products**") Bank Products shall be offered by "**Financial Vendors**" unaffiliated with Franchisor and Franchisee and may include, without limitation, refund anticipation checks, electronic refund checks, and unsecured personal loans made to customers prior to the first date of e-filing Franchisor shall have the sole right to select the institutions and other suppliers of Bank Products ("**Financial Vendors**") and may discontinue arrangements with any Financial Vendor at any time for any reason without incurring any liability to Franchisee Franchisor makes no warranties or representations with respect to the approval process of Franchisee by any Financial Vendor to offer Bank Products Bank Products authorized by Franchisor, the Financial Vendors and the terms of the agreements with the Financial Vendors may change from time to time If Franchisee is unable or unwilling to offer the required Bank Products from the Franchised Business, Franchisor shall have the right to terminate this Agreement Franchisor shall have the right to derive revenues from the Financial Vendors in the form of allowances from the sale of Bank Products by the Financial Vendors to Franchisee s customers or tax filers

8 3 **Federal, State and Local Laws** Franchisee shall comply with all applicable Federal, state and local laws, regulations, and ordinances governing the provision of tax preparation services and the offering of Bank Products to taxpayers Franchisee shall adhere to all IRS rules and requirements regarding e-filing of tax returns and shall comply with all IRS Code, Rules and Regulations, regardless of how tax returns are submitted from the Franchised Business, including, without limitation, the requirements described in IRS Publication 1345 (Handbook for Authorized IRS E-File Providers) Franchisee shall comply with all applicable use and disclosure laws regarding the protection of customer information, including IRS Regulation 7216 and IRS Circular 230 Disclosure, which regulate the use and disclosure of a tax customer's information for non-related financial products Franchisee shall have all customers sign all necessary documentation, as may be set forth in the Manual or in other written or electronic communications from time to time, in order to comply with all applicable use and disclosure laws

9 ADDITIONAL OBLIGATIONS OF FRANCHISEE

9 1 **Computer Hardware and Software** Franchisee shall purchase or lease, and thereafter maintain in strict conformity with the standards and specifications that Franchisor may from time to time prescribe in the Manual or otherwise in writing, such computer hardware and software, required dedicated telephone and power lines, modems, printers, and other computer-related accessories or peripheral equipment for record keeping functions Franchisor shall have the right from time to time and at any time to retrieve data and information from Franchisee s computer system as Franchisor, in its sole and exclusive discretion, deems necessary or desirable Franchisee acknowledges and agrees that because of the interconnection of computer systems and the necessity that such systems be compatible with each other, Franchisee shall strictly comply with Franchisor's standards and specifications for all items associated with Franchisee s computer system and shall otherwise operate its computer system in accordance with Franchisor's standards and specifications In addition, to ensure full operational efficiency and optimum communication capability between and among computer systems installed by Franchisee, Franchisor, and other Fiesta Insurance franchisees, Franchisee shall, at Franchisee's expense, keep Franchisee's computer

system in good maintenance and repair and promptly install such additions, changes, modifications, substitutions and/or replacements to Franchisee s computer hardware, software, telephone and power lines, and other computer-related facilities, as Franchisor directs

9 2 **Submission and Maintenance of Records** Franchisee shall, at Franchisee's expense, provide Franchisor with weekly and monthly statements, on forms prescribed by Franchisor, accurately reporting all sales activity during the preceding week or month and such other data and information regarding operation of the Franchised Business as Franchisor may require Franchisee shall, at Franchisee's expense, provide Franchisor with a copy of Franchisee s financial statements showing the results of operations of the Franchised Business for each fiscal year during the Term within 90 days after the end of each fiscal year of Franchisee Franchisee shall preserve for at least 5 years from the dates of their preparation, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manual or otherwise in writing Franchisor or its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor s expense, the books, records and accounts of Franchisee Franchisor shall also have the right, at any time, to have an independent audit made of the books and records of Franchisee

9 3 **Gross Insurance Revenue and/or Gross Tax Return Revenue Understatements** If any inspection or audit discloses an understatement of Gross Insurance Revenue or Gross Tax Return Revenue, Franchisee shall pay to Franchisor the royalties and marketing contributions due on the understated amount, plus interest and late fees, from the date originally due until the date of payment Franchisor may require Franchisee to reimburse Franchisor for the cost of the inspection or audit, including, without limitation, accounting fees, and related travel and per diem charges, if

9 3 1 Any inspection or audit is necessary because of Franchisee s failure to timely furnish required information/reports, or

9 3 2 Gross Insurance Revenue or Gross Tax Return Revenue is understated for any period by more than one percent

In addition to all other remedies and rights Franchisor may have, Franchisor may terminate this Agreement if Gross Insurance Revenue or Gross Tax Return Revenue is understated for any period by more than five percent (5%), or any understatement is determined by Franchisor to have been intentional

9 4 **Employee Policy**

9 4 1 Franchisee shall maintain a competent, conscientious, and trained staff and shall take such steps as are necessary to ensure that its employees preserve good customer relations, render competent, prompt, courteous, and knowledgeable service, meet such minimum standards as Franchisor may establish from time to time, and are properly disciplined for poor performance as necessary All employees hired by or working for Franchisee shall be employees of Franchisee, and Franchisee alone, and shall not, for any purpose, be deemed to be employees of Franchisor or subject to Franchisor's direct or indirect control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any governmental authority Franchisee and Franchisor will each file their own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments with respect to their respective employees and operations Franchisee acknowledges and agrees that Franchisor will not have the power to hire or fire Franchisee's employees Franchisee expressly agrees, and will never contend otherwise, that

Franchisor's authority under this Agreement to certify Franchisee's supervisorial or managerial personnel for qualification to perform certain functions at the Franchised Restaurant does not directly or indirectly vest in Franchisor the power to hire, fire or control any of Franchisee's personnel. Franchisee alone shall be solely responsible for all hiring and employment decisions and functions related to the Franchised Business, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects or not, and Franchisee shall not request from Franchisor or expect to receive from Franchisor, and Franchisor shall not provide Franchisee, with any advice on these subjects Franchisee acknowledges and agrees that any guidance Franchisee receives from Franchisor regarding employment policies should be considered as examples, that Franchisee alone is responsible for establishing and implementing its own employment policies, and that Franchisee understands that Franchisee should do so in consultation with local legal counsel experienced in employment law Franchisee shall indemnify, defend, reimburse and hold Franchisor harmless from any direct or indirect losses, costs and expenses, including attorney's fees, arising out of any claim made by or for the benefit of any employee of Franchisee against Franchisor regarding employment decisions and employee functions of the Franchised Business, including, without limitation, those related to hiring, firing, wage and hour requirements, record keeping, supervision and discipline of employees Franchisee shall maintain all insurance coverage required for the benefit of Franchisee's employees and shall timely and completely pay all taxes and assessments required by employers for their employees

9 4 2 Franchisee shall have personnel who are properly licensed by Franchisee's state Department of Insurance on-site at the Franchised Business at all times during normal business hours to transact insurance business Franchisee shall not leave the Franchised Business attended by unlicensed personnel during normal business hours, since insurance may only be sold by personnel who are properly licensed by Franchisee s state Department of Insurance Franchisee's failure to adhere to this requirement will violate both Franchisee's state Department of Insurance regulations and this Agreement and will entitle Franchisor to terminate this Agreement

9 4 3 Franchisee shall cause all employees, while working at the Franchised Business at the Franchised Location, to (i) wear uniforms of such color, design, and other specifications as Franchisor may designate from time to time, and (ii) present a neat and clean appearance If Franchisor removes the type of uniform utilized by Franchisee from the list of approved uniforms, Franchisee shall have 90 days from receipt of written notice of such removal to discontinue use of its existing inventory of uniforms and implement the approved type of uniform

9 5 **Fiesta Data** Without limiting any other provision of this Agreement, all "**Fiesta Data**" is and shall remain the sole property of Franchisor and its affiliates For purposes of this Agreement, "**Fiesta Data**" includes, without limitation, any and all information by, from, or about a client acquired by Franchisee from its business relationship with a client Franchisee shall require all insurance clients to sign the agency forms required by Franchisor which shall state that the Franchise is an independent agent procuring insurance on behalf of Franchisor, and that accordingly, client's information shall be made available to and subject to approval by Franchisor No right, title or interest in the Fiesta Data is conveyed, transferred, or otherwise licensed to Franchisee under this Agreement or otherwise Accordingly, Franchisee shall not, during the term or thereafter sell, lease, share or rent any Fiesta Data or make any use whatsoever of the Fiesta Data

9 6 **Taxes** Franchisee shall promptly pay all taxes levied or assessed against the Franchised Business, including, but not limited to, unemployment taxes, sales taxes, use taxes, income taxes,

withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on royalty fees, any similar taxes or levies, imposed upon or required to be collected or paid by Franchisor by reason of the furnishing intangible property (including trademarks and trade names) or services by Franchisor to Franchisee through the sale, license, or lease of property or property rights provided by this Agreement.

9 7 Franchisor's Web Site Franchisor may, but shall not be obligated to, establish and maintain from time to time, one or more Internet web sites that Franchisor may develop, in its sole discretion, that may be used, among other things, to provide information about Franchisor and the services that are offered by Franchisor and its franchisees ("**Franchisor's Web Site**") Franchisor has sole discretion and control over the establishment, design and content of Franchisor's Web Site Franchisor may, but shall not be obligated to, configure the site to accommodate one or more interior pages of Franchisor's Web Site which Franchisor may dedicate, in whole or in part, to the Franchised Business ("**Franchisee's Web Page**") Franchisor may require Franchisee to pay a reasonable fee for the privilege of having Franchisee's Web Page Franchisor may, at its sole option, from time to time, without prior notice to Franchisee (i) change, revise, or eliminate the design, content and functionality of Franchisor's Web Site, (ii) make operational changes to Franchisor's Web Site, (iii) change or modify the URL and/or domain name of Franchisor's Web Site, (iv) substitute, modify, or rearrange Franchisor's Web Site, at Franchisor s sole option, including in any manner that Franchisor considers necessary or desirable to, among other things, (a) comply with applicable laws, (b) respond to changes in market conditions or technology, and (c) respond to any other circumstances, (v) limit or restrict end-user access (in whole or in part) to Franchisor's Web Site, (vi) disable or terminate Franchisor's Web Site without any liability to Franchisee

9 7 1 Any modifications (including customizations, alterations, submissions or updates) to the content made by Franchisee for any purpose shall be deemed to be a "**work made for hire**" under the copyright laws, and therefore, Franchisor shall own the intellectual property rights in and to such modifications To the extent any modification does not qualify as a work made for hire as outlined above, Franchisee hereby assigns those modifications to Franchisor for no additional consideration and with no further action required and shall execute such further assignments as Franchisor may request Franchisee may not modify Franchisee's Web Page except in coordination with Franchisor's webmaster and in compliance with Franchisor's policies and procedures Franchisee shall, if required by Franchisor, contribute a reasonable fee toward the cost of the web site's maintenance, which may vary from year to year during the Term, and shall pay the same to Franchisor in the manner and at the times that Franchisor may establish in the Manual from time to time

9 7 2 If Franchisee fails to pay when due any fees or other amounts payable to Franchisor under this Agreement, or any other agreement with Franchisor or Franchisor's affiliates, or otherwise fails to perform its obligations under this Agreement or any other agreement with Franchisor or Franchisor's affiliates, Franchisor may disable Franchisee's Web Page, without prior notice and without any liability or recourse as against Franchisor, or its affiliates, until such time as Franchisee pays and/or performs its outstanding obligations in full Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact with full power and authority for the sole purpose of disabling Franchisee's Web Page This appointment shall be deemed to be coupled with an interest and shall continue in full force and effect until and following the termination or expiration of this Agreement

9 7 3 Franchisee acknowledges and agrees that Franchisor has no control over the stability or maintenance of the Internet generally, as a result, Franchisor shall not be responsible for damage or loss caused by errors of the Internet Furthermore, Franchisor shall not be liable for any direct, indirect,

special, incidental, exemplary or consequential damages arising out of the use of, or the inability to use, Franchisor's Web Site or the Internet, including loss of profits, goodwill, or savings, downtime, or damage to or replacement of programs and data, whether known or unknown, based in contract, tort, product liability, or otherwise

9 7 4 Franchisee shall not use the Proprietary Marks or Copyrights to advertise, promote or sell any services through the Internet, nor shall Franchisee offer or sell any service that is identified with the Proprietary Marks or Copyrights through the Internet. Franchisee's breach of this restriction shall constitute willful trademark and/or copyright infringement and a material breach of this Agreement

9 7 5 Franchisee shall not separately register any domain name or any portion of any domain name containing the Proprietary Marks or Copyrights or participate or market on any website or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms or other forms of electronic media not yet developed) using the Proprietary Marks or Copyrights without prior express written approval from Franchisor Franchisee's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time Franchisee's website, if any, shall only be accessed through Franchisor's home page Franchisee will provide Franchisor with all proposed content for Franchisor's Internet marketing programs, and will sign Internet and intranet usage agreements, if any, as requested by Franchisor Franchisor retains the right to approve any linking or other use of its website Franchisor may, at any time after Franchisee commences use of any approved electronic media, prohibit further use, effective upon receipt of written notice by Franchisee

9 7 6 Except as provided in this Agreement, Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, any Internet home page, e-mail address, web site, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or part, the Proprietary Marks or Copyrights, or any of them, or any words, symbols or terms confusingly similar thereto other than Franchisee's Web Page, if established by Franchisor, in its sole discretion, and in accordance with this Agreement, such procedures, policies, standards and specifications as Franchisor may establish in the Manual from time to time and only so long as Franchisee is not in default of this Agreement or any other Agreement between Franchisor, its affiliates, and Franchisee

9 7 7 Franchisee acknowledges and agrees that Franchisor shall own and shall retain all right, title and interest in and to the use of the Proprietary Marks and the Copyrights in any and all manners and to all existing and future domain names, URLs, future addresses and sub-addresses established by Franchisor and all intellectual property rights in or to any of them

9 8 **Franchisor's Intranet** Franchisor may, at its sole discretion and option, establish and maintain a private method of communication for use only by employees and franchisees of Franchisor (an "**Intranet**") through which Franchisor, franchisees of Franchisor and Franchisor's employees may communicate with each other, and through which Franchisor may disseminate the Manual, updates thereto and other Confidential Information Franchisor shall have sole discretion and control over all aspects of the Intranet, including the content and functionality thereof Franchisor shall have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to Franchisee

9 8 1 If Franchisor establishes an Intranet, Franchisee shall have the privilege to use the Intranet, subject to Franchisee s strict compliance with the standards and specifications, protocols and restrictions that Franchisor may establish from time to time Such standards and specifications, protocols and restrictions may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that endorse or encourage breach of any franchisee's Franchise Agreement, (iii) confidential treatment of materials that Franchisor transmits via the Intranet, (iv) password protocols and other security precautions, (v) grounds and procedures for Franchisor's suspending or revoking a franchisee s access to the Intranet, and (vi) a privacy policy governing Franchisor s access to and use of electronic communications that franchisees post to the Intranet Franchisee acknowledges that, as administrator of the Intranet, Franchisor can technically access and shall be entitled to view any communication that any person posts on the Intranet Franchisee further acknowledges that the Intranet facility and all communications that are posted to it shall become Franchisor s property, free of any claims of privacy or privilege that Franchisee or any other person may assert

9 8 2 Upon receipt of notice from Franchisor that Franchisor has established the Intranet, Franchisee shall establish and continually maintain (during all times that the Intranet shall be established and until the termination of this Agreement) an electronic connection (the specifications of which shall be specified in the Manual) with the Intranet that allows Franchisor to send messages to and receive messages from Franchisee, subject to the standards and specifications Franchisor shall have the right to require all of its franchisees, including Franchisee, to contribute a reasonable amount toward the cost of the Intranet's maintenance, which may vary from time to time during the Term, and shall pay the same to Franchisor in the manner and at the times that Franchisor may establish in the Manual from time to time

9 8 3 If Franchisee fails to pay when due any fees or other amounts payable to Franchisor under this Agreement, or any other agreement with Franchisor or Franchisor's affiliates, or otherwise fails to perform its obligations under this Agreement or any other agreement with Franchisor or Franchisor's affiliates, Franchisor may, without prior notice and without any liability or recourse as against Franchisor, or its affiliates, temporarily disable or terminate Franchisee s access to the Intranet until such time as Franchisee pays and/or performs its outstanding obligation in full

9 8 4 Franchisee shall, at the option and request of Franchisor, and without any additional consideration, assign to Franchisor all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the Franchised Business following demand by Franchisor upon Franchisee's misuse of the same and/or the termination or expiration of this Agreement Furthermore, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact with full power and authority for the sole purpose of assigning these rights to Franchisor This appointment shall be deemed to be coupled with an interest and shall continue in full force and effect until and following the termination or expiration of this Agreement

9 9 **Co-Branding** To protect the Fiesta Proprietary Marks, the Copyrights, the Fiesta System and the goodwill associated with the same, Franchisee shall not engage in any co-branding at or in connection with the Franchised Business except with Franchisor's prior written consent Franchisor shall not be required to approve any co-branding chain or arrangement except in Franchisor's discretion, and only if Franchisor has recognized that co-branding chain as an approved co-brand for operation within the Fiesta System. "**Co-Branding**" includes the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) that is featured or incorporated within the Franchised Business or is adjacent to the Franchised Business and operated in a manner which is likely to cause the public to perceive it to be related to the Franchised Business licensed and franchised under this Agreement

9 10 **Improvements** If Franchisee develops any new concept, process or improvement in the Fiesta System (an "**Improvement**"), Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation Any such Improvement shall become the sole property of Franchisor and Franchisor shall be the sole owner of all related intellectual property rights Franchisee hereby assigns to Franchisor any rights Franchisee may have or acquire in the Improvements, including the right to modify the Improvement, and Franchisee waives and/or releases all rights of restraint and moral rights therein and thereto Franchisee shall assist Franchisor in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agrees to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights Franchisee hereby irrevocably designates and appoints Franchisor as Franchisee's agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of intellectual property right related to any such Improvement If the foregoing provisions of this Section 9 10 are found to be invalid or otherwise unenforceable, Franchisee hereby grants Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein

9 11 **Authorization to Release Information** Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, contractors, vendors and other persons or entities with whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the Franchised Business which Franchisor may request Franchisee further authorizes Franchisor to disclose to prospective franchisees or other third parties data from Franchisee's reports if Franchisor determines, in Franchisor's sole discretion, that such disclosure is necessary or advisable

9 12 **Adequate Reserves and Working Capital** Franchisee shall, at all times, maintain adequate reserves and working capital sufficient for Franchisee to fulfill all of Franchisee's obligations under this Agreement and to cover the risks and contingencies of the Franchised Business for at least three (3) months

9 13 **Notification of Legal Proceedings and Crisis Management Events** Franchisee shall notify Franchisor in writing within ten (10) days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised Business or that may adversely affect Franchisee's operation of the Franchised Business or ability to meet its obligations under this Agreement

9 13 1 Upon the occurrence of a "**Crisis Management Event**" (as defined below), Franchisee shall immediately inform Franchisor's Chief Executive Officer or President (or as otherwise instructed in the Manual) by telephone Franchisee shall cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event

9 13 2 '**Crisis Management Event**" means any event that occurs at or about the Franchised Business that has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist acts, shootings, or any other circumstance which may damage the Fiesta System, the Proprietary Marks, the Copyrights, or image or reputation of Franchisor or its affiliates

9 14 **Anti-Terrorism Compliance** Franchisee shall comply with, and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with, Executive Order 13224 issued by the President

of the United States, 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 addressing or in any way relating to terrorist acts and acts of war (the **"Anti-Terrorism Laws"**) In connection with such compliance, Franchisee certifies, represents and warrants that none of Franchisee's property or interests are subject to being "blocked' under any of the Anti-Terrorism Laws and that Franchisee is not otherwise in violation of any of the Anti-Terrorism Laws Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's employees or any 'blocking" of Franchisee's assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements Franchisee has entered into with Franchisor or any of its affiliates, in accordance with the provisions of Section 15 2 of this Agreement

9 15 **Licenses and Permits** Franchisee shall obtain and maintain throughout the Term, all business licenses and other permits required by law for the operation of an independent business by Franchisee

9 16 **Performance Requirements** Franchisee shall devote Franchisee's full time, attention and best efforts to the development and operation of the Franchised Business and shall only permit the Franchised Business to be operated and managed in accordance with the terms of this Agreement

9 17 **Franchisee Conventions** Franchisee must attend Franchisor's annual franchisee convention Franchisee must pay Franchisor the fees Franchisor charges Franchisee and other Fiesta franchisees to defray the direct costs of providing the franchisee conventions The fees may be reduced by insurance carrier financial support Franchisee must pay all expenses incurred by Franchisee and Franchisee's employees to attend franchisee conventions, including the costs of transportation, lodging, meals, materials and wages Franchisor may, in Franchisor's sole discretion, select the time and location of all franchisee conventions

10 PROPRIETARY MARKS

Franchisor and its Affiliates continue to develop, use and control the Fiesta Proprietary Marks and Copyrights in order to identify for the public the source of services and products marketed under the Fiesta Proprietary Marks, Copyrights and the Fiesta System, and to represent the Fiesta's System's high standards of quality, appearance and service To protect the Fiesta System, the Fiesta Proprietary Marks and Copyrights and the goodwill associated with the same

10 1 **Franchisee Representations** Franchisee acknowledges and agrees that

10 1 1 Franchisee shall use only the Proprietary Marks and Copyrights designated by Franchisor, shall use them only in the manner authorized and permitted by Franchisor, shall use the Proprietary Marks and Copyrights only for the operation of the Franchised Business, and only at the Franchised Location

10 1 2 Franchisee shall identify itself as an independent franchisee-owner of the Franchised Business in conjunction with any use of the Proprietary Marks and Copyrights or the operation of the Franchised Business The form and content of such identification shall comply with standards set forth in the Manual

10 1 3 Franchisee s right to use the Proprietary Marks and Copyrights is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an

infringement Franchisee shall not use the Proprietary Marks and Copyrights to incur any obligation or indebtedness on behalf of Franchisor

10 1 4 Franchisee shall promptly notify Franchisor of any suspected unauthorized use of, or any challenge to the validity of the Proprietary Marks or Copyrights, or any challenge to Franchisor's ownership of, and right to license others to use, or Franchisee s right to use, the Proprietary Marks or Copyrights licensed under this Agreement Franchisee acknowledges that Franchisor has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Proprietary Marks or Copyrights, including any settlement thereof Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks or Copyrights Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee s use of the Proprietary Marks or Copyrights If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks or Copyrights in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks or Copyrights in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee In the event of any litigation relating to Franchisee s use of the Proprietary Marks or Copyrights, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action Except to the extent that such litigation is the result of Franchisee s use of the Proprietary Marks or Copyrights in a manner inconsistent with the terms of this Agreement, Franchisor shall reimburse Franchisee for its out-of-pocket litigation costs in doing such acts

10 1 5 Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks or Copyrights and the goodwill franchised with and symbolized by them and Franchisor has the right to use, and license others to use, the Proprietary Marks and Copyrights The Proprietary Marks and Copyrights are valid and serve to identify the Fiesta System and those who are franchised under the Fiesta System During the Term and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of the Proprietary Marks or Copyrights, nor take any other action which may tend to jeopardize Franchisor s interest therein, or Franchisor s right to use, and to license others to use, the Proprietary Marks or Copyrights

10 1 6 Except as expressly limited in this Agreement, Franchisor (for itself, its affiliates and designees) retains all rights with respect to use of the Proprietary Marks, Copyrights and the Fiesta System to sell any products or services, similar to those which Franchisee sells, through any alternate channels of distribution This includes, but is not limited to, retail locations and other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, over the Internet, or through other forms of electronic media (including social technology, social media and social networking platforms) Franchisor exclusively reserves the Internet and other forms of electronic media as channels of distribution for Franchisor, and Franchisee may not independently market on the Internet or through other forms of electronic media, or conduct e-commerce without Franchisor's prior written consent

10 1 7 Franchisee s use of the Proprietary Marks and Copyrights pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks or Copyrights other than the license granted by this Agreement Any and all goodwill arising from Franchisee s use of the Proprietary Marks and Copyrights shall inure solely and exclusively to the benefit of Franchisor or its affiliate, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill franchised with Franchisee s use

10 1 8 The right and license of the Proprietary Marks and Copyrights granted under this Agreement to Franchisee is nonexclusive, except as otherwise provided in Section 1 2 of this Agreement and Franchisor has and retains the rights described in Section 1 2 of this Agreement

10 1 9 Franchisor reserves the right to change, revise, or substitute different proprietary marks and/or copyrights for use in identifying the Fiesta System, the Franchised Business, and the services offered through the Franchised Business, if the Proprietary Marks or Copyrights no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different proprietary marks or copyrights shall be beneficial to the Fiesta System In such circumstances, the use of the substituted proprietary marks or copyrights shall be governed by the terms of this Agreement, and Franchisor shall not compensate Franchisee for such substitution and shall bear only the costs of modifying Franchisee s signs, costumes, logos, and advertising materials to conform to Franchisor s new proprietary marks or copyrights If Franchisor s currently licensed Proprietary Marks or Copyrights can no longer be used, Franchisee shall implement promptly any such substitution Franchisor shall have the right, at all reasonable times, at the Franchised Location and elsewhere, to inspect Franchisee's use of the Proprietary Marks or Copyrights as Franchisor considers necessary to carry out the purposes of inspection as part of appropriate quality control

10 2 **Changes in Law** In the event that the trademark law or copyright law is amended so as to render inapplicable any of the provisions of this Agreement, Franchisee shall execute any documents, and do such acts and things as in the opinion of Franchisor may be necessary to affect the intent and purpose of the provisions of this Agreement, provided, however, that Franchisor shall bear all costs associated with such request

11 CONFIDENTIAL INFORMATION

11 1 **Use of Manual** Franchisee shall operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual. Franchisee shall treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, the information contained therein, and all Fiesta Data, secrets, know-how, customer and prospective customer lists, renewals and expirations, pricing policies, marketing plans, operation methods, method and amount of compensation, and all records of Franchisor such as manuals, rate books and other materials furnished to Franchisee by Franchisor, and other confidential business affairs of Franchisor, as confidential, and shall maintain such information as secret and confidential Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person The Manual shall at all times remain the sole property of Franchisor and shall be kept in a secure place at the Franchised Location If Franchisee loses, damages or destroys the Manual, Franchisee shall pay Franchisor the sum of $1,000 for a replacement, if necessary Franchisee shall ensure that its copy of the Manual is kept current at all times, and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall be controlling

11 2 **Confidentiality of Information** Franchisee shall not, during the Term or thereafter, communicate, divulge, or use for the benefit of, anyone else, any **'Confidential Information'**, knowledge, or know-how concerning the methods of operation of the Franchised Business which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee s operation under the terms of this Agreement Franchisee shall divulge such Confidential Information only to such of its supervisorial or managerial employees as must have access to it in order to perform their employment responsibilities Any and all matters, information, knowledge, know-how, techniques, and other data which Franchisor

designates as confidential shall be deemed confidential for purposes of this Agreement "**Confidential Information**" includes tangible and intangible information in any form relating to the Fiesta System, including, without limitation, operations, products and services, identification of insurance carriers, methods, techniques, manuals, related written content, disclaimers, handout items, equipment, sources of materials and equipment, data, other content, formulations, patterns, compilations, programs, devices and processes, know-how, business relationships, designs, developmental or experimental work and services, improvements, discoveries, potential new products and services, websites, advertisements, ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators and customers, customer lists and other customer data, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, designs, drawings, specifications, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities and any other information or material considered proprietary by Franchisor, whether or not designated as Confidential Information by Franchisor, but which is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy or any other information in oral, written, graphic or electronic form which, given the circumstances surrounding such disclosure, would be considered confidential. Confidential Information also includes the manner in which any of the above-described items may be combined with other information or products or synthesized or used by Franchisee Confidential Information does not include any information which (a) was in the lawful and unrestricted possession of Franchisee prior to its disclosure by Franchisor, (b) is or becomes generally available to the public by acts other than those of Franchisee after receiving it, (c) has been received lawfully and in good faith by Franchisee from a third party who did not derive it from Franchisor, or (d) is shown by acceptable evidence to have been independently developed by Franchisee

11 3 **Irreparable Injury** Franchisee acknowledges that failure to comply with the requirements of this Section 11 shall result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee consents to the issuance of, and shall pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex-parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Section 11 Notwithstanding, apart from, and in addition to, any other remedies available to Franchisor, if Franchisee shall violate this Section 11, Franchisee shall pay Franchisor, upon demand, the sum of $10,000 to account for the actual damages that Franchisor shall suffer as a result of Franchisee's failure to comply with this Section 11 In this regard, Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages Franchisor will incur upon Franchisee's violation of this Section 11 due to the complications inherent in determining the harm that will be suffered by Franchisor as a result thereof Franchisor and Franchisee further acknowledge and agree that this calculation of Franchisor's potential damages is a reasonable, good faith estimate of such damages

11 4 **Covenants from Third Parties** Franchisee shall require any supervisorial or managerial employee or independent contractor who may have access to any Confidential Information of Franchisor to execute covenants that they shall maintain the confidentiality of information they receive in connection with their association with Franchisee Such covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them

12 INSURANCE

12 1 **Franchisee s Insurance Obligations.** Franchisee shall obtain, have in effect on the effective date, and shall maintain in full force and effect during the Term, at Franchisee s expense, an insurance policy or policies protecting Franchisee and Franchisor against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the operation of the Franchised Business in such types and amounts as specified in the Manual Such policy or policies may include but not be limited to (i) broad form comprehensive general liability coverage, (ii) worker's compensation and employer's liability insurance (as required by law), (iii) unemployment insurance covering employees, (iv) fire, flood, earthquake and extended coverage insurance on the location and Franchisee s property in an amount adequate to replace it if there is an insured loss, (v) business interruption insurance in reasonable amounts, (vi) state disability insurance for employees (as required by law), and (vii) Employment Practices Liability Insurance

12 2 **Errors and Omissions Insurance** Franchisee shall obtain and shall maintain in effect during the Term, at Franchisee s expense, errors and omissions insurance coverage as required by Franchisor, as such requirements may be revised from time to time by Franchisor in the Manual or otherwise in writing, through insurance companies approved by Franchisor prior to Franchisee's purchase of the same, with such minimum limits as required by Franchisor in the Manual If Franchisor is able to obtain group errors and omissions insurance coverage for Fiesta Insurance Franchisees, Franchisee shall be required to participate in the errors and omissions coverage under such a group policy Franchisee's pro-rata annual costs for the same shall equal the annual premium for the group policy divided by the number of Fiesta Insurance Franchisees who participate in such group policy coverage

12 3 **Requirements** At least 10 days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least 30 days prior to the expiration of any policy, Franchisee shall deliver to Franchisor a Certificate of Insurance evidencing the required coverage All Certificates shall provide that no less than 30 days' prior written notice shall be given Franchisor in the event of material alteration to or cancellation or non-renewal of the coverage evidenced by such Certificates All policies of insurance to be maintained by Franchisee shall contain a separate endorsement naming Franchisor, and if required, Franchisor's parent and affiliated companies, as additional insured parties on the additional-insured Grantor of Franchise Form CG2029 or an insurer's comparable form Franchisee shall cause Certificates of Insurance showing compliance with the above requirements to be delivered to Franchisor annually upon renewal and at such other times as Franchisor may request

13 ADVERTISING

Recognizing the value of advertising, and the importance of the standardization of advertising programs to the goodwill and public image of the Fiesta System, to protect Fiesta Proprietary Marks, the Fiesta Copyrights, the Fiesta System and the goodwill associated with the same, the parties agree

13 1 Local Advertising

13 1 1 Subject to the provisions of Section 13 2, unless Franchisor establishes a Marketing Fund under Section 13 2 of this Agreement, Franchisor shall not be required to advertise regionally or nationally for or on behalf of Franchisee Franchisor shall, however, provide Franchisee with certain marketing materials, business cards, artwork and supplies to promote insurance sales, which will include indoor branded materials, a mascot costume, and a branded arrow Franchisee shall only use interior and

exterior signage and office supplies that bear the Fiesta logo and Franchisor's marketing materials, business cards, artwork and supplies in promoting insurance sales Franchisor may, but shall not be required, to provide Franchisee with additional advertising and promotional materials if Franchisee wishes to conduct its own advertising campaigns

13 1 2 Franchisee may develop advertising, marketing and leads development materials for the Franchised Business and shall be solely responsible for the cost of Franchisee's advertising, marketing and leads development Franchisee must submit to Franchisor for its approval, all materials to be used for local advertising, unless they have been approved before or they consist only of materials provided by Franchisor All materials containing the Marks must include the applicable designation - service mark ^{sm}, trademark ™, registered ® or copyright ©, or any other designation Franchisor specifies If Franchisee has not received the written or oral disapproval of materials submitted within 10 days from the date Franchisor received the materials, the materials are deemed approved Franchisor may require Franchisee to withdraw and/or discontinue the use of any promotional materials or advertising, even if previously approved, if in Franchisor's judgment, the materials or advertising may injure or be harmful to the System Franchisor must make this requirement in writing, and Franchisee has 5 days after receipt of notice to withdraw and discontinue use of the materials or advertising, unless otherwise agreed in writing The submission of advertising to Franchisor for approval does not affect Franchisee's right to determine the prices that Franchisee sets for the sale of its products or services

13 2 **Marketing Fund**

13 2 1 If the Franchised Business is located in California or if the Franchised Business is located outside of California and Franchisor elects to establish other regional or a national Marketing Fund in the market area of the Franchised Business following the Effective Date, Franchisee shall make a Monthly Marketing Contribution to the Marketing Fund each calendar month in the amount designated and required by Franchisor from time to time, which is currently $1,000 per calendar month for California franchisees and which shall not exceed $2,000 per calendar month for any Fiesta franchisee

13 2 2 If Franchisee is a new Fiesta franchisee, Franchisee shall be entitled to a one-time discount in the amount of Franchisee's Monthly Advertising Contribution for one year after the opening date of the Franchised Business, payable as follows

Months 1 – 6	No Monthly Advertising Contribution
Months 7 – 12	50% of Monthly Advertising Contribution
Months 13+	100% of Monthly Advertising Contribution

13 2 3 The discount of the Marketing Advertising Contribution shall not be available to existing Fiesta franchisees who sign Renewal Franchise Agreements or otherwise renew their Franchise Agreements or to buyers of Franchised Businesses from existing Fiesta franchisees

13 2 4 The Marketing Fund shall be administered by a Marketing Fund Committee (the "**MFC**") In January of each calendar year, Franchisee and the other Fiesta Insurance franchisees shall elect or appoint 2 members to the MFC and Franchisor shall appoint 2 members to the MFC, each of whom shall serve for a one-year term The MFC shall, by a majority vote, determine the selection and placement of national and regional advertising Each MFC member shall have one vote If the MFC is deadlocked on any matter requiring the vote of the MFC, Franchisor's Chief Executive Officer shall have the sole right to make, and shall make, the final decision on any matter requiring the vote of the MFC

13 2 5 The Marketing Fund shall be used to meet the costs of conducting regional and/or national advertising and promotional activities (including the cost of advertising campaigns, test marketing, marketing surveys, public relations activities and marketing materials) which the MFC deems beneficial to the System Franchisor is authorized to charge the Marketing Fund fees at reasonable market rates for advertising, marketing or promotional services actually provided by Franchisor, in lieu of engaging third party agencies to provide these services Franchisor may employ individuals, consultants or advertising or other agencies, including consultants or agencies owned by, operated by or affiliated with Franchisor, to provide services for the Marketing Fund The Marketing Fund may be used to defray direct expenses of Franchisor's employees related to the operation of the Marketing Fund, to pay for attorney's fees and other costs related to the defense of claims against the Marketing Fund or against Franchisor relating to the Marketing Fund, and to pay costs with respect to collecting amounts due to the Marketing Fund Among other things, MFC funds may be used for Web Site development/operation and to pay portal, Internet, Intranet, URL, 800 or similar number, and other charges, fees and/or expenses A brief statement regarding the availability of Fiesta Insurance franchises may be included in advertising and other items produced using the Marketing Fund, which shall not otherwise be used to solicit or to sell, Fiesta Insurance franchises to prospective franchisees

13 2 6 All expenditures of the Marketing Fund shall be at the sole discretion of the MFC The MFC may spend in any calendar year more or less than the total Monthly Advertising Contributions to the Marketing Fund in that year, and any excess may be accumulated for use during subsequent years The MFC may borrow from Franchisor or other lenders on behalf of the Marketing Fund to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund

13 2 7 Franchisee authorizes Franchisor to act as its sole agent to enter into contracts with parties offering promotion, discount or other programs whereby Franchisor would receive rebates or marketing allowances (**Rebates**) from handling items offered for sale by the parties All Rebates shall be paid to the Marketing Fund or Franchisor and, if to Franchisor, Franchisor shall pay the Rebates to the Marketing Fund By signing this Agreement, Franchisee assigns all of its right, title and interest in all Rebates to the Marketing Fund, and authorizes Franchisor to furnish any proof of purchase evidence as may be required in accordance with the contracts All Rebates received by Franchisor resulting from the operation of company-owned Fiesta Insurance businesses by Franchisor or its affiliates shall also be contributed to the Marketing Fund

13 2 8 The MFC shall prepare an annual report of the Marketing Fund, at the expense of the Marketing Fund, and send a copy of the annual report to Franchisee and all other Fiesta Insurance franchisees within 120 days after the end of each fiscal year upon request

13 3 **Content and Concepts**

13 3 1 The MFC retains sole discretion over all advertising, marketing and public relations programs and activities financed by the Marketing Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. Franchisee agrees that the Marketing Fund may be used to pay the costs of preparing and producing associated materials and programs as Franchisor determines, including video, audio and written advertising materials employing advertising agencies, sponsorship of sporting, charitable or similar events, administering regional and multi-regional advertising programs including purchasing direct mail and other media advertising, and employing advertising agencies to assist with marketing efforts, and supporting public relations, market research and other advertising, promotional and marketing activities

13 3 2 Franchisee acknowledges that the Monthly Advertising Contributions are intended to maximize general public recognition of and the acceptance of the Fiesta Insurance brand for the benefit of the System as a whole The MFC undertakes no obligation, in administering the Marketing Fund, to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's Monthly Advertising Contributions, or to insure that any particular Fiesta Insurance franchise benefits directly or pro rata from advertising or promotion conducted with the Monthly Advertising Contributions

13 4 **Termination and Monthly Advertising Contributions by Franchisor** Franchisor shall have the right, from time to time during the Term, to require, terminate and reinstate the collection of the Monthly Advertising Contributions for the Marketing Fund Upon termination, Franchisor shall disburse the remaining Marketing Funds on hand for the purposes authorized under this Agreement Franchisor or affiliate owned Fiesta Insurance businesses shall contribute to the Marketing Fund on the same basis as Franchisee is required to contribute to the Marketing Fund

14 TRANSFER OF INTEREST

14 1 **Transfer by Franchisor** Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor s obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment In addition, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor, and/or its Affiliates, may sell their assets, the Proprietary Marks, the Copyrights or Fiesta System, may sell securities in a public offering or in a private placement, may merge, acquire other corporations or be acquired by another corporation, and may undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Proprietary Marks (or any variation thereof), the Copyrights (or any variation thereof), or Fiesta System and/or the loss of association with, or identification of, Fiesta Insurance Franchise Corporation, as Franchisor under this Agreement Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as the Fiesta Franchised Businesses operating under the Proprietary Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Franchisee acknowledges may be proximate to the Franchised Business)

14 2 **Transfer by Franchisee** Franchisee acknowledges and agrees that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee s business skill, financial capacity, and personal character Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee s interest in this Agreement, shall sell, encumber, assign, transfer, convey, pledge, merge, or give away any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business without the prior written consent of Franchisor Any purported assignment or transfer not having the written consent of Franchisor required by this Section 14 2 shall be null and void and shall constitute a material breach of this

Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 15 2 3 of this Agreement

14 3 **Requirements for Transfer** Franchisor may, in its sole discretion, require any or all of the following as conditions of its consent to a transfer set forth in Section 14.2

14 3 1 Franchisee shall not be in default of any provision of this Agreement, any amendment of this Agreement or successor hereto, or any other agreement between Franchisee and Franchisor, or its affiliates

14 3 2 The transferor shall execute a General Release, in substantially the form of **Exhibit I** attached to this Agreement

14 3 3 The transferee shall demonstrate to Franchisor s satisfaction that the assignment and that the terms of the proposed assignment do not place an unreasonable financial burden on the transferee, and Franchisee acknowledges and agrees that Franchisor shall be entitled, in connection with assessing the financial burden placed upon any prospective transferee, to share with such prospective assignee information relating to the Franchised Business, including information in Franchisor s possession relating to operations at the Franchised Business

14 3 4 The transferee shall demonstrate to Franchisor's satisfaction that the terms of the proposed assignment do not place an unreasonable operational burden on the transferee, and that the transferee meets Franchisor s standards for (i) work experience and aptitude, (ii) character and reputation, (iii) absence of conflicting interests, and (iv) such other criteria and conditions as Franchisor shall then consider relevant in the case of an application for a new franchise by an applicant not currently operating a Franchised Business

14 3 5 At Franchisor s request, the transferee shall execute, for a term ending on the expiration date of this Agreement, the current standard form of Franchise Agreement then being offered to new franchisees, which Franchise Agreement shall supersede this Agreement in all respects and the terms of which Franchise Agreement may differ materially from the terms of this Agreement and may be less favorable to the transferee, provided, however, that the transferee shall not be required to pay an Initial Franchise Fee Franchisee shall, however, pay Franchisor a transfer fee of $5,000, plus Franchisor's out of pocket costs associated with the transfer, including costs of attorneys' fees associated with the transfer

14 3 6 At Franchisor's request, Franchisee, as assignor, shall execute a continuing guarantee in favor of Franchisor of the performance and payment by the proposed transferee, of all obligations and debts to Franchisor and its Affiliates under the new Franchise Agreement

14 3 7 The transferee and each partner, shareholder or member of the transferee, as the case may be, must be a United States citizen or lawful resident alien of the United States and must have sufficient literacy and fluency in the English language sufficient, in Franchisor's opinion, to communicate with employees, customers, and suppliers of Franchisor and to satisfactorily complete Franchisor's required training program and such other tests and interviews as Franchisor shall reasonably deem to be necessary or desirable Franchisee shall provide Franchisor with such information as Franchisor may require to make a determination concerning such proposed transfer

14 3 8 The transferee shall successfully complete, at its expense, the required initial training described in Section 6 1, including payment of the then-current training fee charged by Franchisor in those circumstances where Franchisee is required to pay a fee for trainees at the initial training programs

14 3 9 Transferor and transferee must use an independent third party escrow company in connection with the sale

14 3 10 Franchisee shall remain liable for all of Franchisee's obligations to Franchisor and its affiliates which arose prior to the effective date of the transfer, and shall execute any documents reasonably requested by Franchisor to evidence such liability

14 3 11 The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in Franchisor's judgment, the transferee will be unlikely to properly maintain, operate and promote the Franchised Business and meet the transferee's financial and other obligations to Franchisor, third party suppliers and creditors This provision shall not create any liability to either transferor or transferee on Franchisor's part, in the event that Franchisor approves the transfer and the transferee experiences financial difficulties

14 4 **Granting of a Security Interest** Except as otherwise provided in this Agreement, Franchisee shall not grant a security interest in the Franchised Business or in any of the assets of the Franchised Business without the prior written consent of Franchisor

14 5 **Right of First Refusal** If Franchisee desires to accept any bona fide offer from a third party to purchase the Franchised Business and Franchisee's interests under this Agreement, Franchisee shall notify Franchisor of such offer at least 20 days before such transfer is proposed to take place, and shall provide such information and documentation relating to the offer as Franchisor may require Franchisor shall have the right and option, exercisable within 10 days after receipt of such written notification and any background materials concerning the proposed transfer that Franchisor shall reasonably request, to send written notice to the seller that Franchisor intends to purchase the seller s interest on the same terms and conditions offered by the third party If Franchisor elects to purchase the seller s interest, the closing on such purchase shall occur within 20 days from the date of notice to the seller of the election to purchase by Franchisor If Franchisor declines to purchase the seller s interest, Franchisee shall have 20 days to close on the transfer of such interest subject to Franchisor s approval pursuant to Section 14 3 Failure to effect a transfer with the third party within the 20 day period, or any material change thereafter in the terms of the offer prior to closing, shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party s initial offer

14 6 **Death or Incapacitation** Upon the death or permanent incapacity (mental or physical) of Franchisee, the executor, administrator, or personal representative of such person shall continuously operate the Franchised Business as required by this Agreement and shall transfer such interest to a third party approved by Franchisor within 6 months after such death or mental incapacity Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer, except that the transfer fee shall be waived In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent s interest to another party approved by Franchisor, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 15 2 4 of this Agreement

14 7 **Non-Waiver of Claims** Franchisor s consent to a transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor s right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee

14 8 **Transfer in Bankruptcy** If, for any reason, this Agreement is not terminated pursuant to Section 15 1 and this Agreement is assumed, or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth (i) the name and address of the proposed assignee, and (ii) all of the terms and conditions of the proposed assignment and assumption, shall be given to Franchisor within 20 days after receipt of such proposed assignee s offer to accept assignment of this Agreement, and, in any event, within 10 days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Franchisee out of the consideration to be paid by such assignee for the assignment of this Agreement

14 9 **Entity Franchisee** Franchisee represents and warrants that the information set forth in **Exhibit C**, attached hereto and by this reference made a part hereof, is accurate and complete in all material respects Franchisee shall notify Franchisor in writing within 10 days of any change in the information set forth in **Exhibit C**, and shall submit to Franchisor a revised **Exhibit C**, certified by Franchisee as true, correct and complete and upon acceptance thereof by Franchisor shall be attached to this Agreement as **Exhibit C** Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee

14 10 **Assignment to a Controlled Entity** If Franchisee is an individual, individuals or a partnership, Franchisor consents to the assignment of this franchise to a corporation or limited liability company formed and controlled by Franchisee to operate the Franchised Business, provided, however, that each present and future shareholder and member of a corporation or limited liability company shall jointly and severally guarantee Franchisee s performance of each and every provision of this Agreement by executing a Guarantee in the form annexed hereto as **Exhibit D** and provided, further, that Franchisee shall be and remain, together with said corporation and its shareholders, or said limited liability company and its members, jointly and severally liable for all obligations under this Agreement, and for all breaches thereof and, provided further, that Franchisee shall continue to supervise the operation of the Franchised Business Franchisee shall immediately notify Franchisor of any such assignment and shall complete all appropriate agreements required by Franchisor as a result thereof No transfer fee shall be charged by Franchisor for its participation in this type of transfer

15 DEFAULT AND TERMINATION

15 1 **Bankruptcy or Insolvency** Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee under this Agreement shall automatically terminate without notice to Franchisee, if Franchisee becomes insolvent or makes a general assignment for the benefit of creditors, if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee, if Franchisee is adjudicated as bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee s business or assets is filed and

consented to by Franchisee, if a receiver or other custodian (permanent or temporary) of Franchisee s assets or property, or any part thereof, is appointed by any court of competent jurisdiction, if proceedings for a composition with creditors under any state or federal law is instituted by or against Franchisee, if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed), if Franchisee is dissolved, if execution is levied against Franchisee s business or property, if suit to foreclose any lien or mortgage against the Franchised Business or assets is instituted against Franchisee and not dismissed within 30 days, or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable

15 2 **Notice Without Opportunity to Cure** Franchisee shall be in default under this Agreement, and Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee (as "**Receipt**' is defined in Section 19 3 of this Agreement) upon the occurrence of any of the following events

15 2 1 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business without the consent of Franchisor for a period of more than 5 consecutive days

15 2 2 If Franchisee is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the Fiesta System, the Copyrights, the Proprietary Marks, the goodwill associated therewith, or Franchisor s interest therein

15 2 3 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business or any other Franchised Business owned by Franchisee, whether individually or collectively, is made to any third party without Franchisor s prior written consent, or any transfer of forty-nine percent (49%) or more of the capital stock membership interests, partnership rights, or other equity interests of Franchisee, contrary to the terms of Section 14 of this Agreement

15 2 4 If an approved transfer as required by Section 14 6 of this Agreement, is not effected within the time provided following a death or permanent incapacity (mental or physical)

15 2 5 If Franchisee fails to comply with the covenants in Section 14 of this Agreement

15 2 6 If, contrary to the terms of Section 11 of this Agreement, Franchisee, any principal or employee of Franchisee, discloses or divulges the contents of the Manual or other Confidential Information provided to Franchisee by Franchisor

15 2 7 If Franchisee has made any material misrepresentations in connection with Franchisee s application to Franchisor for the franchise granted under this Agreement

15 2.8 If Franchisee, after curing a default pursuant to Section 15 3 of this Agreement, commits the same, simular, or different default again, whether or not cured after notice

15 2 9 If Franchisee is in breach of the covenants of Section 7 1 or 7 2 or otherwise loses, through revocation, forfeiture, failure to renew, or otherwise, any license required with respect to the operation of the Franchised Business

15 2 10 If Franchisee fails to successfully complete the initial training required by Section 6 1

15 2 11 If Franchisee fails to obtain or maintain required insurance coverage as required by Section 12 of this Agreement

15 2 12 If Franchisee fails to make timely payments upon any obligation of Franchisee or any obligation of Franchisee upon which Franchisor has advanced any funds for or on behalf of Franchisee

15 2 13 If Franchisee fails to comply with any or all of the terms of this Agreement or any other agreement between Franchisor, or its affiliates, and Franchisee within 5 days after receipt of written notice from Franchisor to do so

15 2 14 If Franchisee engages in any unlawful form of harassment or discrimination

15 2 15 If Franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the franchise

15 2 16 If Franchisee closes the Franchised Business for a period of more than 2 consecutive days during a Tax Season without Franchisor's prior written consent or violates any IRS Code, Regulation, or Handbook, resulting in Franchisee's suspension or expulsion from any programs or rights necessary for, or in connection with, the preparation of tax returns

15 2 17 If Franchisee diverts or attempts to divert any present or prospective customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks, the Copyrights, and the Fiesta System

15 2 18 If Franchisee solicits clients of the Franchised Business to terminate their business relationships with any business in the Fiesta System and conduct business with Franchisee, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, or any business that is the same or similar to the Franchised Business or which offers services which are the same as or similar to the products and services being offered by the Franchised Business at the time of the termination of this Agreement

15 2 19 If Franchisee defaults in any obligation under this Agreement or any other agreement between Franchisor and Franchisee that is not by its nature capable of being cured by Franchisee

15 3 **Notice With Opportunity to Cure** Except as otherwise provided in Section 15 1 and Section 15 2 of this Agreement, Franchisee shall have 10 days after its receipt (as **"Receipt"** is defined in Section 19 3 of this Agreement) from Franchisor of a written notice of default within which to remedy any default under this Agreement and to provide evidence thereof to Franchisor If any such default is not cured within the specified time, or such longer period as applicable law may require, Franchisor shall have the right to terminate this Agreement by providing written notice of termination to Franchisee Franchisee shall be in default pursuant to this Section 15 3 for failure to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Manual, or failure to carry out the terms of this Agreement in good faith

15 4 **Cross-Default** Any default by Franchisee under the terms and conditions of this Agreement or any other agreement between Franchisor, or its affiliates, and Franchisee, shall be deemed to be a default of each and every other such agreement In the event of the termination of this Agreement for any cause, or the termination of any other agreement between Franchisor, or its affiliates, and Franchisee, Franchisor may, at its option, terminate any or all of such other agreements

15 5 **Actual Damages** Franchisee shall pay Franchisor, within 30 days following the date of termination, an amount equal to the product of 2 multiplied by the total Commissions and Tax Preparation Royalty Fees (or if unpaid, payable) by Franchisee during the twelve (12) months immediately preceding the effective date of termination to account for the actual damages that Franchisor shall suffer as a result of the termination of this Agreement during the period of time that Franchisor estimates will expire while Franchisor searches for a replacement franchisee or replacement franchisees for the Protected Area In this regard, Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages Franchisor will incur upon the termination of this Agreement due to the complications inherent in determining the amount of revenue lost by Franchisor because of the uncertainty regarding the number of months that will expire while Franchisor searches for a replacement franchisee or franchisees for the Protected Area Franchisor and Franchisee further acknowledge and agree that this calculation of Franchisor's potential damages is a reasonable, good faith estimate of such damages

16 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to Franchisee shall forthwith terminate and the following items described in Sections 16 1 through 16 7 shall occur

16 1 **Cessation of Operations** Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor Franchisee shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, any confidential methods, procedures, and techniques associated with the Fiesta System, the Copyrights, and all Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the Fiesta System Franchisee acknowledges and agrees that the use of Franchisor's Copyrights or Proprietary Marks after termination or expiration of this Agreement constitutes an unauthorized use of an identical mark and Franchisor shall be entitled to damages due to, but not limited to, copyright and trademark infringement and counterfeiting

16 2 **Fictitious Business Names, Telephone Numbers and Domain Names** Franchisee hereby acknowledges that all fictitious business names, telephone and facsimile numbers, Internet addresses and electronic mail addresses and domain names used in the operation of the Franchised Business constitute assets of the Franchised Business and Franchisee shall execute all documents and authorization forms, prescribed by Franchisor, to cause the assignment to Franchisor or its designee, of all Franchisee's right, title and interest in and to Franchisee's fictitious business names, telephone and facsimile numbers, Internet addresses and electronic mail addresses and domain names and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone and facsimile numbers, Internet addresses and electronic mail addresses and domain names and any regular, classified or other telephone directory listing associated with the Marks and compel a transfer of same to or at the direction of Franchisor

16 3 **Return of Manuals and Confidential Information** Franchisee shall immediately deliver to Franchisor the Manual and all other manuals, records, correspondence, files, and any instructions containing Confidential Information relating to the operation of the Franchised Business which are in Franchisee s possession, all memorandum, notes, records, reports, manuals, drawings, and other documents (and all copies thereof) relating to Franchisor's business, the Book of Business and all property associated therewith, and all copies thereof (all of which are acknowledged to be the property of Franchisor) If Franchisee has lost, damaged or destroyed the Manual, Franchisee shall pay Franchisor the sum of $1,000 therefore

16 4 **Post Term Covenants** All covenants, obligations, and agreements of Franchisee which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of this Agreement, shall survive such termination or expiration

16 5 **Payment of Commissions and Tax Preparation Royalty Fees** Franchisor shall make a final payment of Commissions and remit the Gross Tax Return Revenue (after Franchisor's deduction of its Tax Preparation Royalty Fees) to Franchisee within 90 days following Franchisor's receipt of Gross Franchise Revenue for the periods in question

16 6 **Notice of Termination to Clients** Franchisor shall have the sole right to notify all clients of Franchisee of the termination or expiration of this Agreement at the time and in the manner Franchisor determines to be most appropriate Franchisee shall not give notice of the termination or the expiration of this Agreement to Franchisee's clients without Franchisor's prior written consent All existing clients of Franchisee shall be the property of Franchisor Franchisee shall assist Franchisor in transferring the accounts for all clients to Franchisor upon the termination or the expiration of this Agreement at such times and in the manner designated by Franchisor

16 7 **Option to Take Assignment of Lease for Franchised Location** Franchisor shall have the option, exercisable by written notice within thirty (30) days after the termination or expiration of this Agreement, to take an assignment and physical possession of the Franchised Location in accordance with Section 5 2.5 of this Agreement and **Exhibit F** attached to this Agreement Franchisee shall not be entitled to any compensation from Franchisor if Franchisor exercises this option

16 8 **Survival of Obligations** In no event shall a termination or expiration of this Agreement affect Franchisee's obligations to take or abstain from taking any action in accordance with this Agreement The provisions of this Agreement which by their nature or expressly constitute post-termination (or post-expiration) covenants and agreements, including the obligation of Franchisor and Franchisee to mediate all disputes, shall survive the termination or expiration of this Agreement

17 COVENANTS

17 1 **During Term of Agreement** Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee shall receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Fiesta System Franchisee (or, if Franchisee is a corporation, limited liability company, or partnership, all principals of Franchisee) covenants that during the Term, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is a corporation, limited liability company, or partnership, all principals of Franchisee) shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, or legal entity

17 1 1 Divert or attempt to divert any present or prospective customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks, the Copyrights and the Fiesta System,

17 1 2 Employ or seek to employ any person who is or has been within the previous 30 days employed by Franchisor or an affiliate of Franchisor as a supervisorial or managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment, or

17 1 3 Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any business that is associated with the sale of any type of insurance and/or with retail tax preparation and tax filing services (a "**Competitive Business**")

17 2 **After Expiration or Termination of Agreement**. Franchisee specifically acknowledges and agrees that prior to becoming a franchisee of Franchisor, Franchisee had no experience, information or knowledge whatsoever about a business that offers automobile insurance policies, tax preparation or tax filing services or related services to the public or of a Fiesta Franchised Business and that Franchisee's knowledge of the Confidential Information was obtained solely from Franchisor following Franchisee's training by Franchisor and Franchisee s subsequent operation of the Franchised Business under this Agreement Franchisee further specifically acknowledges that, pursuant to this Agreement, Franchisee shall receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Fiesta System Commencing upon the date of (i) a transfer permitted under Section 14 of this Agreement, (ii) expiration of this Agreement, (iii) termination of this Agreement (regardless of the cause for termination), or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 17 2, and continuing for an uninterrupted period of 2 years thereafter, Franchisee shall not, without Franchisor s prior written consent, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity

17 2 1 Own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with a Competitive Business that is, or is intended to be, located at the Franchised Location or anywhere else within the Protected Area, accept employment from, contract with, or maintain an ownership interest in a competitive brokerage or agency (defined as a brokerage/agency whose primary business is insurance sales and/or tax services) that is, or is intended to be, located at the Franchised Location or anywhere else within the Protected Area, and/or disrupt, impair or otherwise interfere with the business of Franchisor, or any franchisee of Franchisor, whether by way of interfering with or raiding its/their employees or disrupting its/their relationships with customers, agents, representatives or vendors or otherwise

17 2 2 Solicit clients of the Franchised Business to terminate their business relationships with the Fiesta System and conduct business with Franchisee, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity, or any Competitive Business

17 2 3 Lease, sublease or otherwise permit any person to conduct any Competitive Business at the former Franchised Location

17 3 **Violation of Non-Compete Covenants** If Franchisee shall commit any violation of Section 17 2 during the 2 year period following (i) a transfer permitted under Section 14 of this Agreement, (ii) the expiration of this Agreement, (iii) the termination of this Agreement (regardless of the cause for termination), or (iv) the issuance of a final court order (after all appeals have been taken), in addition to all other remedies available to Franchisor, Franchisee shall pay Franchisor, throughout the two (2) year period, fifty percent (50%) of all commissions/compensation earned by Franchisee from any activities of Franchisee which violate Section 17 2 Franchisee shall account and pay to Franchisor its fifty percent (50%) interest in the commissions/compensation on the tenth day of each month on all compensation/commissions received by Franchisee during the previous month Franchisor shall have the right to audit Franchisee's books and records to confirm Franchisee s compliance with this Section 17 3, upon reasonable notice to Franchisee

17 4 **Exceptions to Non-Compete Covenants** Sections 17 1 and 17 2 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934

17 5 **Reducing Scope of Covenants** Franchisee acknowledges and agrees that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17 1 and 17 2, or any portion thereof, without Franchisee s consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that Franchisee shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 17 1 or Section 17 2 of this Agreement

17 6 **Permission from Franchisor** If Franchisor expressly grants Franchisee permission in writing to compete with Franchisor pursuant to an arrangement to reduce the scope of any covenant set forth in Section 17 2, made under Section 17 5 or otherwise, as a condition to being granted such permission, Franchisee must pay Franchisor, throughout the two (2) year period following the (i) a transfer permitted under Section 14 of this Agreement, (ii) the expiration of this Agreement, (iii) the termination of this Agreement (regardless of the cause for termination), or (iv) the issuance of a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 17 2, fifty percent (50%) of all commissions/compensation received by Franchisee from any competitor, customer, client, vendor, or account of Franchisor (unless modified in writing by Franchisor) including, but not limited to, those who were procured by Franchisee or those with whom Franchisee became acquainted by reason of this Agreement, or by reason of Franchisee's access to, or knowledge of, Confidential Information disclosed to Franchisee during the term of this Agreement Franchisee shall account and pay to Franchisor, Franchisor's fifty percent (50%) interest in the commissions/compensation on the tenth day of each month on all compensation/commissions received by Franchisee during the previous month Franchisor shall have the right to audit Franchisee s books and records to confirm Franchisee's compliance with this Section 17 6, upon reasonable notice to Franchisee

17 7 **Enforceability Not Affected by Claims** Franchisee agrees that the existence of any claims Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 17 Franchisee shall pay all costs and expenses (including reasonable attorneys fees) incurred by Franchisor in connection with the enforcement of this Section 17

17 8 **Irreparable Injury** Franchisee acknowledges that Franchisee s violation of any covenant of this Section 17 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee consents to the issuance of, and shall pay all court costs and reasonable attorneys

fees incurred by Franchisor in obtaining, without the posting of any bond, an ex-parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action

18 RESPONSIBILITY, INDEPENDENT CONTRACTOR AND INDEMNIFICATION

18 1 **No Fiduciary Relationship** This Agreement does not create a fiduciary relationship between the parties hereto Franchisee shall be an independent contractor, and nothing in this Agreement is intended to constitute or appoint either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever Franchisee acknowledges and agrees that Franchisee is not authorized to make any warranty, or representation on Franchisor's behalf, or to incur any debt or other obligations in Franchisor s name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, nor shall Franchisor be liable by reason of any act or omission of Franchisee in its conduct of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor

18 2 **Indemnification**. Franchisee shall indemnify and hold harmless to the fullest extent by law, Franchisor, its affiliates and their respective directors, officers, employees, shareholders, and agents, (collectively the **Indemnitees**) from any and all **losses and expenses** (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with Franchisee s operation of the Franchised Business (collectively an **Event**), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees For the purpose of this Section 18 2, the term **losses and expenses** shall be deemed to include compensatory, exemplary, or punitive damages, fines and penalties, attorneys fees, experts fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, compensation for damages to Franchisor s reputation and goodwill, and all other costs associated with any of the foregoing losses and expenses Franchisee shall give Franchisor prompt notice of any Event of which Franchisee is aware, for which indemnification is required, and, at the expense and risk of Franchisee, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor shall seek the advice and counsel of Franchisee Any assumption of Franchisor shall not modify Franchisee's indemnification obligation Franchisor may, in its sole judgment, take such actions as Franchisor seems necessary and appropriate to investigate, defend, or settle any Event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole judgment, necessary for the protection of the indemnities or the Fiesta System

18 3 The term **Franchisee** as used in this Agreement shall refer to each person executing this Agreement as Franchisee, whether such person is one of the spouses, partners, shareholders, members, trustees, trustors or beneficiaries or persons named as included in Franchisee, and shall apply to each such person as if he were the only named Franchisee in this Agreement

18 3 1 If Franchisee is a married couple, both husband and wife executing this Agreement shall be liable for all obligations and duties of Franchisee under this Agreement as if such spouse were the sole Franchisee under this Agreement

18 3 2 If Franchisee is a partnership or if more than one person executes this Agreement as Franchisee, each partner or person executing this Agreement shall be liable for all the obligations and duties of Franchisee under this Agreement

18 3 3 If Franchisee is a trust, each trustee, trustor and beneficiary signing this Agreement shall be liable for all of the obligations and duties of Franchisee under this Agreement

18 3 4 If Franchisee is a corporation or limited liability company, all shareholders or members executing this Agreement shall be liable for all obligations and duties of Franchisee under this Agreement as if each such shareholder or member were the sole Franchisee under this Agreement

18 3 5 If Franchisee is in breach or default under this Agreement, Franchisor may proceed directly against each such spouse, partner, signatory to this Agreement, shareholder, member, trustee, trustor or beneficiary without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, partner, signatory to this Agreement, shareholder, member, trustee, trustor or beneficiary The obligations of Franchisee and each such spouse, partner, person executing this Agreement, shareholder, member, trustee, trustor and beneficiary shall be joint and several.

18 3 6 Notice to or demand upon one spouse, partner, person signing this Agreement, shareholder, member, trustee, trustor or beneficiary shall be deemed notice to or demand upon Franchisee and all such spouses, partners, persons signing this Agreement, shareholders, members, trustees, trustors and beneficiaries, and no notice or demand need be made to or upon all such Franchisee's, spouses, partners, persons executing this Agreement, shareholders, members, trustees, trustors or beneficiaries

18 3 7 The cessation of or release from liability of Franchisee, or any such spouse, partner, person executing this Agreement, shareholder, member, trustee, trustor or beneficiary shall not relieve any other Franchisee, spouse, partner, person executing this Agreement, shareholder, member, trustee, trustor or beneficiary from liability under this Agreement, except to the extent that the breach or default has been remedied or monies owed have been paid

19 APPROVALS, WAIVERS, AND NOTICES

19 1 **Obtaining Approvals** Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor

19 2 **No Waiver** No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee, or by any other franchisee, of any of the terms, provisions, or covenants thereof, and no custom or practice by the parties at variance with the terms of this Agreement, shall constitute a waiver by Franchisor to enforce any such right, option, or power as against Franchisee, or as to a subsequent breach or default by Franchisee Subsequent acceptance by Franchisor of any payments due to Franchisor under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, covenants, or conditions of this Agreement

19 3 **Notices** All notices or demands shall be in writing and shall be served in person, by Express Mail, by Certified Mail, or by private overnight delivery to the last known address of Franchisor and Franchisee "**Receipt**' shall take place (i) at the time of service, if personally served, (ii) one business day after electronic transmission (with confirmation copy sent by regular United States mail, (iii) twenty-four

(24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail, (iv) upon the earlier of actual receipt or three (3) business days after deposit in the United States mail, by Registered or Certified Mail, Return Receipt Requested, properly addressed and postage prepaid, and (v) twenty-four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery Notices and demands and all changes of address shall be given to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party

Notices to Franchisor

Fiesta Insurance Franchise Corporation
3755 Breakthrough Way, Suite #205
Las Vegas, Nevada 89135
Attention Deane Silke

With a copy (which shall not constitute notice) to

Barry Kurtz, Esq
Lewitt, Hackman, Shapiro, Marshall & Harlan
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Facsimile No (818) 981-4764

Notices to Franchisee

_____
_____
_____

20 ENTIRE AGREEMENT, SEVERABILITY AND CONSTRUCTION

20 1 **Entire Agreement**. This Agreement, any attachments hereto, and any ancillary agreements between Franchisee and Franchisor or any affiliate which are executed contemporaneously with this Agreement, constitute the entire and complete Agreement between Franchisor (and, if applicable, any affiliate) and Franchisee concerning the subject matter thereof, and supersede all prior agreements Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Franchisee in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Franchisee

20 2 **Severability and Construction** If, for any reason, any section, paragraph, part, term, provision, and/or covenant in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, the same such shall not impair the operation of, or have any other effect upon, such other portions, sections, paragraphs, parts, terms, provisions, and/or covenants of this Agreement and the latter shall continue to be given full force and effect and bind the parties hereto Neither this Agreement or any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement

20 3 **Survival After Expiration or Termination of Agreement** Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination

20 4 **Captions** All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement

20 5 **Amendments** Except as stated in this Agreement, the provisions of this Agreement cannot be amended, supplemented, waived or changed orally, except by a written document signed by the party against whom enforcement of any amendment, supplement, waiver or modification is sought and making specific reference to this Agreement

20 6 **Modification of the System** Franchisee acknowledges that Franchisor may modify the System Franchisee shall accept and be bound by any modifications in the System as if they were part of this Agreement at the time of signing of this Agreement Franchisee shall make all expenditures for, and modifications of, the System, as Franchisor requires

21 DISPUTE RESOLUTION AND APPLICABLE LAW

21 1 **Choice of Law** This Agreement takes effect upon its acceptance and execution by Franchisor in Nevada, and shall be interpreted and construed under the laws of the State of Nevada If, however, any provision of this Agreement would not be enforceable under the laws of State of Nevada, and if the Franchised Business is located outside of Nevada and such provision would be enforceable under the laws of the State in which the Franchised Business is located, then such provision shall be interpreted and construed under the laws of that State Nothing in this Section 21 1 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulations of any state to which it would not otherwise be subject

21 2 **Venue** Without in any way limiting or otherwise affecting Franchisee's and Franchisor's obligations under Section 21 1, above, Franchisee and Franchisor agree that any litigation shall be held in the United States District Court in Clark County, Nevada If a basis for federal jurisdiction does not exist, then any such proceeding shall be brought exclusively before a state court in Clark County, Nevada Franchisor and Franchisee waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision

21 3 **Terms Applicable to All Proceedings, Waiver of Trial by Jury, Class Action Rights** With respect to any litigation or other proceeding of any kind, Franchisor and Franchisee

21 3 1 Knowingly waive all rights to trial by jury

21 3 2 Shall pursue any proceeding on an individual basis only, and not on a class-wide or multiple plaintiff basis, provided that if this provision is not enforceable for any reason, then Franchisee and Franchisor agree that with respect to any multiple plaintiff or class action, a court shall supervise the procedural aspects directly related to the multiple plaintiff/class nature of the proceeding (e g certification of the class, appropriateness of class representation, approval of attorney's fees incurred on behalf of the class, approval of any settlement, etc) and the Court shall decide all substantive matters related to the actual claims, including liability and damages Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of 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

21 4 **Non-Exclusivity of Remedy** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this 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 cumulative of every other right or remedy

21 5 **Limitation of Adjudicative Proceedings** Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee s operation of the Franchised Business brought by any party hereto against the other, shall be commenced within 2 years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred

21 6 **Right to Injunctive Relief** In addition to the foregoing, Franchisor shall have the right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Franchisee s (i) use of the Proprietary Marks and Copyrights, (ii) obligations upon termination or expiration of this Agreement, (iii) assignment or proposed assignment of the Franchised Business, this Agreement, or any ownership interest in Franchisee, or (iv) actions covered by the provisions of Section 15 Franchisor also shall be able to seek injunctive relief to prohibit any act or omission by Franchisee or its employees that constitutes a violation of any applicable law, is dishonest or misleading to Franchisee s customers or to the public, or which may impair the goodwill associated with the Proprietary Marks or Copyrights, and Franchisee shall pay all costs and reasonable attorneys fees incurred by Franchisor in obtaining such relief

22 ACKNOWLEDGMENTS

22 1 **Recognition of Business Risks** Franchisee acknowledges that Franchisee has conducted an independent investigation of the proposed franchise, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success shall be largely dependent upon the ability of Franchisee as an independent business person Franchisor disclaims the making of, and Franchisee acknowledges that Franchisee has not received, any warranty or guarantee, express or implied, as to the potential sales, income, profits, or success of the business venture contemplated by this Agreement, or of other Franchised Businesses

22 2 **Receipt of Franchise Disclosure Document** Franchisee acknowledges that Franchisee has received a copy of the complete Fiesta Insurance Franchise Corporation Franchise Disclosure Document, which contains a copy of this Franchise Agreement, the attachments hereto, and agreements relating hereto, if any, at least 14 calendar days prior to the date on which this Agreement was executed Franchisee acknowledges and agrees that Franchisor has made no promises, representations, warranties or assurances to Franchisee which are inconsistent with the terms of this Agreement or Franchisor's franchise disclosure document, concerning the profitability or likelihood of success of the Franchised Business at the Franchised Location, that Franchisee has been informed by Franchisor that there can be no guaranty of success in the Franchised Business and that Franchisee's business ability and aptitude is primary in determining Franchisee's success

22 3 **Review of Franchise Disclosure Document**. Franchisee acknowledges that Franchisee has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors and counsel of Franchisee s own choosing about the potential benefits and risks of entering into this Agreement

22 4 **Attorneys' Fees** If Franchisor becomes a party to any legal proceedings concerning this Agreement, the Franchised Business or the Franchised Location by reason of any act or omission of Franchisee or its authorized representatives, Franchisee shall be liable to Franchisor for the reasonable attorneys fees and court costs incurred by Franchisor in the legal proceedings, as well as all cost of collection to obtain payment of all sums due from Franchisee to Franchisor under this Agreement, including, without

limitation, the costs for collection agency services If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit

22 5 **Atypical Arrangements** Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers have or may have terms, conditions, and obligations which may differ from the terms, conditions, and obligations in this Agreement Franchisee further acknowledges and agrees that Franchisor has made no warranty or representation that all Franchise Agreements previously issued or issued after this Franchise Agreement by Franchisor do or shall contain terms substantially similar to those contained in this Franchise Agreement Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Franchise Agreements previously executed or executed after the date of this Franchise Agreement with other Fiesta Insurance Franchisees in a non-uniform manner

22 6 **Additional Documents** Each of the parties shall execute, acknowledge and deliver to the other party and to procure the execution, acknowledgment and delivery to the other party of any additional documents or instruments which either party may reasonably require to fully effectuate and carry out the provisions of this Agreement

22 7 **Exclusive Remedy** In no event shall Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement Franchisee waives any such claim for damages Franchisee may not claim any such damages by way of setoff, counterclaim or defense Franchisee's sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment

22 8 **Incorporation of Recitals** The recitals set forth in Paragraph A through Paragraph C of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

22 9 **Counterparts and Electronic Transmission, Electronic Signatures** 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 Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement In addition, this Agreement and all Exhibits to this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement and the Exhibits shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first shown above

FRANCHISOR.

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke, President

FRANCHISEE.

_____,
[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT A

FRANCHISED LOCATION

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT A

FRANCHISED LOCATION

The following site has been selected by Franchisee and approved by Franchisor as the **"Franchised Location"** for the **"Franchised Business"** in accordance with the Franchise Agreement entered into between Franchisor and Franchisee dated _____

_____
_____

The expiration date of the Term of this Agreement is _____

IN WITNESS WHEREOF, the parties have executed this **Exhibit A** on _____

FRANCHISOR.

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke, President

FRANCHISEE

_____,
[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT B

PROTECTED AREA

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT B

PROTECTED AREA

The following "**Protected Area**" has been selected by Franchisee and approved by Franchisor in accordance with the Franchise Agreement entered into between Franchisor and Franchisee dated _____

_____
_____

IN WITNESS WHEREOF, the parties have executed this **Exhibit B** on _____

FRANCHISOR.

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke, President

FRANCHISEE

_____,
[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT C

ENTITY INFORMATION

EXHIBIT C
ENTITY INFORMATION
FRANCHISE AGREEMENT

If Franchisee is an entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects

(1) Franchisee is a (check as applicable)
[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify) _____

State of incorporation/organization _____
Name of Franchisee entity _____

(2) Franchisee shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing ("**Entity Documents**")

(3) Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee

(4) The name and address of each of Franchisee s owners, members, or general and limited partner

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) There is set forth below the names, and addresses and titles of Franchisee's principal officers or partners who will be devoting their full time to the Business

NAME	ADDRESS

(6) The address where Franchisee s Financial Records, and Entity Documents (are maintained is _____

(7) Franchisee represents and warrants to Franchisor, as an inducement to Franchisor's execution of the Franchise Agreement, that the information set forth in this Entity Information disclosure is true, accurate and complete in all material respects on the Effective Date and that Franchisee shall provide Franchisor with all additional information Franchisor may request with respect to the partners, shareholders and members of Franchisee and the ownership of Franchisee upon demand by Franchisor In addition, Franchisee shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information disclosure and shall provide Franchisor with a revised Entity Information disclosure certified by Franchisee to be true, correct and complete in all material respects Franchisor grants Franchisee the rights in the Franchise Agreement in reliance upon each and all of the terms of this Entity Information disclosure

IN WITNESS WHEREOF, the parties have executed this **Exhibit C** on _____

FRANCHISOR

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke, President

FRANCHISEE

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

State of incorporation/organization _____
Name of Franchisee entity _____

By _____
Its _____, and individually

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT D

GUARANTEE

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT D

GUARANTEE

As an inducement to FIESTA INSURANCE FRANCHISE CORPORATION (**Franchisor**) to [execute the Franchise Agreement/accept that certain Promissory Note and Security Agreement] dated _____ 20__ [by/with] _____, a _____(**Franchisee**), and in consideration of [Franchisor's executing the Franchise Agreement and any and all related documents/Franchisor's acceptance of the Promissory Note and Security Agreement] (collectively, the "**Documents**"), _____ (collectively, "**Guarantor**"), agrees as follows

A Guarantor shall pay or cause to be paid to Franchisor all monies payable by Franchisee under the Documents on the days and times in the manner therein appointed for payment thereof

B Guarantor shall unconditionally guarantee full performance and discharge by Franchisee of all the obligations of Franchisee under the Documents at the times and in the manner therein provided

C Guarantor shall indemnify and hold Franchisor harmless and its affiliates against and from all losses, damages, costs, and expenses which Franchisor and its affiliates may sustain, incur, or become liable for by reason of (1) the failure for any reason whatsoever of Franchisee to pay the monies payable pursuant to the Documents or to do and perform any other act, matter or thing pursuant to the provisions of the Documents, or (2) any act, action, or proceeding of or by Franchisor for or in connection with the recovery of monies or the obtaining of performance by Franchisee of any other act, matter or thing pursuant to the provisions of the Documents

D Franchisor shall not be obligated to proceed against Franchisee or exhaust any security from Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Franchisee, before proceeding to enforce the obligations of Guarantor under this Guarantee, and the enforcement of such obligations may take place before, after, or contemporaneously with, enforcement of any debt or obligation of Franchisee under the Documents

E Without affecting Guarantor's obligations under this Guarantee, Franchisor, without notice to Guarantor, may extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee Guarantor waives notice of amendment of the Documents and notice of demand for payment or performance by Franchisee

F Guarantor s obligations under this Guarantee shall remain in full force and effect, and shall be unaffected by (1) the unenforceability of the Documents against Franchisee, (2) the termination of any obligations of Franchisee under the Documents by operation of law or otherwise, (3) the bankruptcy, insolvency, dissolution, or other liquidation of Franchisee, including, without limitation, any surrender or disclaimer of the Documents by the trustee in bankruptcy of Franchisee, (4) Franchisor s consent or acquiescence to any bankruptcy, receivership, insolvency, or any other creditor s proceedings of or against Franchisee, or by the winding-up or dissolution of Franchisee, or any other event or occurrence which would have the effect at law of terminating the

existence of Franchisee s obligations prior to the termination of the Documents, or (5) by any other agreements or other dealings between Franchisor and Franchisee having the effect of amending or altering the Documents or Franchisee s obligations under this Guarantee, or by any want of notice by Franchisor to Franchisee of any default of Franchisee or by any other matter, thing, act, or omission of Franchisor whatsoever

G Notice to Guarantor shall be given to the address set forth below Guarantor's signature

IN WITNESS WHEREOF, the undersigned has signed this Guarantee as of the day and year set forth below

GUARANTOR.

Print Name _____

Signature _____

Date _____

Address _____

_____

_____

Print Name _____

Signature _____

Date _____

Address _____

_____

_____

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT E

FEE SCHEDULE

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT E
FEE SCHEDULE

COMMISSION SCHEDULE

Total Monthly Commission	Percent for Franchisee
$0 - $15,000	75%
$15,001 +	80%

Additional Franchised Business Discount

If Franchisee owns a second Franchised Business, Franchisee shall be paid an additional two and one-half percent (2 5%) commission in addition to the monthly commissions described above for both the first and second Franchised Businesses owned by Franchisee for that month If Franchisee owns three (3) or more Franchised Businesses, Franchisee shall receive an additional five percent (5%) commission in addition to the monthly commissions described above for all Franchised Businesses owned by Franchisee for that month

Tax Preparation Royalty Fees

Franchisor shall retain $30 for each tax return Franchisee files on behalf of a taxpayer as a Tax Preparation Royalty Fee if Franchisee uses its own EFIN Number Franchisor shall retain $40 for each tax return Franchisee files on behalf of a taxpayer as a Tax Preparation Royalty Fee if Franchisee uses Franchisor's EFIN Number

FRANCHISOR.

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke, President

FRANCHISEE

_____,
[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation
State of incorporation/organization _____
Name of Franchisee entity _____

By _____
Its _____, and individually

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT F

COLLATERAL ASSIGNMENT OF LEASE

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT F

COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE (this '**Assignment**') is entered into as of _____, 20__, between _____ ("**Franchisee**") and **FIESTA INSURANCE FRANCHISE CORPORATION**, a Delaware corporation ("**Franchisor**")

Subject to the provisions hereof, Franchisee, to secure its obligations to Franchisor under the Franchise Agreement between Franchisor and Franchisee for the operation of a Fiesta franchised business (the "**Franchised Business**"), dated _____, 20__ (the "**Franchise Agreement**"), hereby assigns, transfers and sets over unto Franchisor and/or such persons/entity(ies) as Franchisor may from time to time designate all of Franchisee's right, title and interest, whether as tenant or otherwise, in, to and under that certain lease (the "**Lease**"), a copy of which is attached to this Assignment, dated _____, 20__, between Franchisee and _____ ("**Landlord**"), for the property commonly known as _____ (the "**Franchised Location**") in accordance with Section 5 2 5 of the Franchise Agreement Franchisor shall have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) until and unless Franchisor, in its sole and absolute discretion, takes possession of the Franchised Location pursuant to the terms hereof and expressly (and in writing) assumes the rights and obligations of Franchisee under the Lease, Franchisor only being responsible for those obligations accruing after the date of such assumption

Franchisee shall indemnify and hold harmless Franchisor from and against all claims and demands of any type, kind or nature made by the Landlord or any third party that arise out of or are in any manner connected with Franchisee s use and occupancy of the Franchised Location subject to the Lease

Franchisee represents and warrants to Franchisor that Franchisee has full power and authority to assign the Lease and its interest in the Franchised Business

Franchisor shall not take possession of the Franchised Location until and unless (i) Franchisee defaults (and/or until there is a termination, cancellation, rescission or expiration of Franchisee's rights) under the Lease, any sublease, the Franchise Agreement or other agreement between Franchisee and Franchisor (or any affiliate), (ii) Franchisee is adjudicated insolvent, or makes an assignment for the benefit of creditors, (iii) Franchisee applies for or consents to the appointment of a custodian, receiver, trustee, or similar officer for it or for all or any substantial part of its property, (iv) such a custodian, receiver, trustee or similar officer is appointed without the application or consent of Franchisee, and such appointment continues undischarged for a period of sixty (60) days, (v) Franchisee is adjudicated bankrupt or institutes (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction, or (vi) any such proceeding is instituted (by petition, application or otherwise) against Franchisee and remains undismissed for a period of sixty (60) days In such event, Franchisor (or its designee) shall have the right, and is hereby empowered, (but has no obligation) to take possession of the Franchised Location, expel Franchisee therefrom, and, in such event,

Franchisee shall have no further right, title or interest in or under the Lease or to the Franchised Location, all such rights thereby passing to Franchisor or its designee, in each case without the Landlord's further consent Franchisee shall do all acts necessary or appropriate to accomplish such assignment on Franchisor's request Franchisee shall reimburse Franchisor for the costs and expenses incurred in connection with any such retaking, including, without limitation, the payment of any back rent and other payments due under the Lease (whether such payments are made by a separate agreement with the Landlord or otherwise), attorney's fees and expenses of litigation incurred in enforcing this Assignment, costs incurred in reletting the Franchised Location and costs incurred for putting the Franchised Location in good working order and repair

Franchisee agrees that it shall not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor nor shall Franchisee sell, transfer, assign, sublet or enter into any agreement to sell, transfer, assign or sublet any of its right, title or interest in and to the Franchised Business or the Franchised Location, including any transfer, assignment or sublet of the Franchise Agreement, the Lease or any of the operating assets of the Franchised Business except as otherwise provided in the Franchise Agreement or this Assignment Throughout the entire term of the Franchise Agreement, including all extension terms and/or renewal terms, Franchisee agrees that it shall elect and exercise on a timely basis all options to extend the term, or renew or assume in bankruptcy, the Lease, unless Franchisor otherwise agrees in writing Upon failure of Franchisee to so elect to extend or renew or assume the Lease, Franchisee hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise such options in the name, place and stead of Franchisee for the sole purpose of effecting any extension, renewal or assumption, in each case for the account of Franchisee and without any liability or obligation of Franchisor This Assignment shall remain in full force and effect during the entire term of the Franchise Agreement and the Lease, including all extension terms and/or renewal terms of the Franchise Agreement and the Lease

Failure of Franchisor to exercise any remedy under this Assignment shall not be construed or deemed to be a waiver of any of its rights under this Assignment The rights and remedies of Franchisor under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Franchisor shall have under or by virtue of the Franchise Agreement or otherwise The terms, covenants, and conditions contained herein shall bind Franchisee and its successors and assigns, and inure to the benefit of Franchisor and its successors and assigns In the event of any dispute between the parties regarding this Assignment, or any matter related in any way to it, the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement between Franchisor and Franchisee shall apply If there is more than one Franchisee, their obligations under this Assignment shall be joint and several

This Assignment or any memorandum related hereto may be recorded by, and at the expense of, Franchisor Franchisee hereby appoints Franchisor as its attorney in fact to execute any and all documents and to take any and all such actions, as are necessary or appropriate to record such instrument referenced above

Notwithstanding anything to the contrary contained herein, Franchisee shall indemnify, defend and hold harmless Franchisor with respect to all obligations and liabilities, including, without limitation, the obligations to pay all rent and other monies due under the Lease, that arise after the date of any assignment of the Lease that transpires under this Assignment, provided, however, nothing under this Agreement shall affect any obligations or covenants of Franchisee owed under its Franchise Agreement with Franchisor, including, without limitation, any post-termination covenant not to compete

(Signature Page Follows)

IN WITNESS WHEREOF, the undersigned have signed this Assignment as of the day and year set forth above

FRANCHISOR.

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke, President

FRANCHISEE

_____,
[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation
State of incorporation/organization _____
Name of Franchisee entity _____

By _____
Its _____, and individually

LANDLORD APPROVAL

The undersigned Landlord hereby consents to and approves the above-described Collateral Assignment of Lease by Franchisee to Franchisor and further agrees that immediately upon notice to the Landlord, Franchisor shall have the right to succeed Franchisee as the tenant under the Lease without further action or consent by any of the parties hereto, provided, however, nothing in the Assignment or in the consent and approval by the Landlord to the Assignment shall affect any other rights of the Landlord under the Lease

LANDLORD

By _____

Its _____

Date _____

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT G

PROMISSORY NOTE

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT G

PROMISSORY NOTE

$_____ Las Vegas, Nevada _____, 20__

1 **PRINCIPAL, INTEREST AND PAYMENT**

FOR VALUE RECEIVED, the undersigned, _____ ("**Franchisee**"), promises to pay to FIESTA INSURANCE FRANCHISE CORPORATION, a Delaware corporation (**Franchisor**), at the address specified for notice to Franchisor in Section 8 of this Promissory Note (or at such other place as Franchisor shall specify in writing), in lawful money of the United States of America, the principal amount of _____ DOLLARS ($_____), together with interest thereon at a rate equal to the "**Prime Rate**" of interest in effect from time-to-time, as published by the Western Edition of the Wall Street Journal Franchisee shall pay Franchisor the principal and interest due under this Promissory Note in full on _____, 20__

2 **PREPAYMENT**

This Promissory Note may be prepaid by Franchisee at the option of Franchisee at any time or from time to time, in whole or in part, without premium or penalty

3 **APPLICATION OF PAYMENTS**

Each payment on this Promissory Note (whether made when due or otherwise) shall first be credited against any interest then due, all costs of collection, and the remainder of such payment shall be credited against the unpaid principal

4 **DEFAULT, ACCELERATION**

If one or more of the following events shall occur (**Event of Default**)

a Franchisee shall default in the due and punctual payment the principal amount due under this Promissory Note, whether at maturity, upon acceleration or otherwise, and such default shall continue for a period of least 10 days after written notice of such default is given by Franchisor to Franchisee, or

b Franchisee shall default in the performance of Franchisee s obligations under the Franchise Agreement between Franchisee and Franchisor dated _____, 20__ and such default shall continue for a period of at least 10 days after written notice of such default is given by Franchisor to Franchisee, or

c Franchisee shall sell, exchange, transfer or make any other disposition of all or substantially all of the assets (other than a transfer by Franchisee to an affiliated entity) of the Franchised Business or any other Franchised Business owned by Franchisee, whether individually or collectively, or any transfer of forty-nine percent (49%) or more of the capital stock membership interests, partnership rights or other equity interests of Franchisee, or

d Franchisee shall be adjudicated bankrupt or insolvent, or make an assignment for the benefit of creditors, or Franchisee shall apply for or consent to the appointment of a custodian, receiver, trustee, or similar officer for it or for all or any substantial part of its property, or such custodian, receiver, trustee or similar officer shall be appointed without the application or consent of Franchisee, and such appointment shall continue undischarged for a period of sixty (60) days, or

e Franchisee shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction, or any such proceeding shall be instituted (by petition, application or otherwise) against Franchisee and shall remain undismissed for a period of sixty (60) days,

THEN

upon the occurrence of an Event of Default under Sections 4(c), 4(d) or 4(e) above, automatically, and, upon the occurrence of an Event of Default under Sections 4(a) and 4(b), upon the election of Franchisor following the expiration of the 10 day period provided therein, interest shall accrue on the entire outstanding principal balance of this Promissory Note at the maximum interest rate permitted by applicable law and the entire outstanding principal balance of this Promissory Note, and all accrued interest, without further demand, shall immediately become due and payable

5 **WAIVER**

Franchisee waives presentment, protest and demand, notice of protest, demand, dishonor and nonpayment of this Promissory Note, notice of acceleration, notice of intent to accelerate, and any and all other notices or matters of a like nature, provided that such waiver shall not extend to any notice of default to be given by Franchisor under Section 4 No delay or omission on the part of Franchisor in exercising any right under this Promissory Note shall operate as a waiver of such right

6 **ATTORNEYS' FEES**

Franchisee agrees that if any legal action is brought to enforce or collect this Promissory Note, the prevailing party shall be entitled to reasonable attorney s fees and costs, including any and all costs of collection, in addition to any other relief to which that party may be entitled This provision shall be applicable to the entire Promissory Note

7 **SEVERABILITY**

Every provision of this Promissory Note is intended to be severable If any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which term and provisions shall remain binding and enforceable

8 **NOTICES**

All notices or demands shall be in writing and shall be served in person, by Express Mail, by Certified Mail, or by private overnight delivery to the last known address of Franchisor and Franchisee ' **Receipt"**

shall take place (i) at the time of service, if personally served, (ii) one business day after electronic transmission (with confirmation copy sent by regular United States mail, (iii) 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail, and (iv) upon the earlier of actual receipt or 3 business days after deposit in the United States mail, by Registered or Certified Mail, Return Receipt Requested, properly addressed and postage prepaid Notices and demands and all changes of address shall be given to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party

Notices to Franchisor Fiesta Insurance Franchise Corporation
3755 Breakthrough Way, Suite #205
Las Vegas, Nevada 89135

With a copy (which shall not constitute notice) to

Barry Kurtz, Esq
Lewitt, Hackman, Shapiro, Marshall & Harlan
16633 Ventura Blvd , 11th Floor
Encino, California 91436

Notices to Franchisee _____
_____
_____

Either party may change its address for the purpose of receiving notices, demands and other communications as herein provided by a written notice given in the manner aforesaid to the other party

9 SECURITY FOR PAYMENT OF NOTE

Payment of this Promissory Note shall be secured by a security interest in the "Assets" located at the Franchised Business and certain other assets of the Franchised Business as evidenced by the "Security Agreement' executed by Franchisee in favor of Franchisor concurrently with the execution of this Promissory Note

10 ASSIGNMENT BY FRANCHISOR

Franchisee shall have the absolute right to assign this Promissory Note at any time and from time to time until this Promissory Note is paid in full.

11 BINDING EFFECT

All the terms and provisions of this Promissory Note shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns

12 GOVERNING LAW AND VENUE

Franchisee agrees that any action brought by Franchisor against Franchisee in any court, whether federal or state, shall be brought in Clark County, Nevada, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision

IN WITNESS WHEREOF, the undersigned has signed this Promissory Note as of the day and year set forth above

FRANCHISEE

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation
State of incorporation/organization _____
Name of Franchisee entity _____

By _____
Its _____, and individually

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT H

SECURITY AGREEMENT

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT H
SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this '**Agreement**') is made this _____ day of _____, 20__, by and between **FIESTA INSURANCE FRANCHISE CORPORATION**, a Delaware corporation ("**Secured Party**" or "**Franchisor**"), on the one hand, and _____ ("**Debtor**"), on the other hand, with reference to the following facts

A On _____, Secured Party and Debtor entered into a Franchise Agreement (the "**Franchise Agreement**"), pursuant to which Secured Party granted Debtor a license to use the service mark and trade name "**FIESTA INSURANCE**" (the "**Proprietary Marks**") and the Fiesta Insurance System (the "**Fiesta System**") in connection with the operation of a Fiesta Insurance business (the "**Franchised Business**") located at _____ (the "**Franchised Location**") Debtor has agreed to operate the Franchised Business as a franchisee of Franchisor under the Franchise Agreement

B [DESCRIPTION OF FACTS]

C Secured Party and Debtor desire to enter into this Agreement to grant Secured Party a security interest in all of the "**Assets**" at the Franchised Business to secure payment of the Note on the terms and conditions set forth herein

NOW, THEREFORE, IT IS AGREED

1 INCORPORATION OF RECITALS

The Recitals set forth in Paragraphs A through C of this Agreement are true and correct and are incorporated herein as part of this Agreement.

2 SECURITY INTEREST

In consideration of the foregoing, Debtor hereby grants to Secured Party a security interest as follows

a **Collateral** Debtor hereby grants to Secured Party a continuing security interest in all of the right, title and interest of Debtor in and to all leasehold improvements, fixtures, furnishings and equipment, inventory, and supplies located at or used in connection with Debtor's Franchised Business[es] at the Franchised Location[s], now or hereafter leased or acquired by Debtor, together with all accounts, payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of such assets, all rights of Debtor to use the Proprietary Marks, service marks, trade names, trade styles, patents, copyrights and their registrations, trade secret information and other proprietary rights, and all rights granted, owned or licensed to Debtor under contracts and licenses and franchise agreements for the use of the Proprietary Marks, service marks, trade names, trade styles, patents copyrights, trade secret information and other proprietary rights (collectively, the '**Collateral**') (i) to secure payment and performance by Debtor of the Note, and (ii) to secure payment to Secured Party by Debtor of all reasonable costs and expenses

(including, without limitation, reasonable attorneys' fees) which Secured Party may incur to enforce the terms of the Note and this Agreement

b **Security Interest** Debtor hereby grants Secured Party a valid and continuing lien on, and perfected security interest in, the Collateral

c **Financing Statement** Debtor hereby authorizes Secured Party to file UCC-1 Financing Statements at any time in any filing office in any Uniform Commercial Code jurisdiction, which shall evidence the security interests in the Collateral Debtor further agrees, at the request and option of Secured Party, to take any and all other actions Secured Party may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of Secured Party to enforce, Secured Party's security interest in any and all of the Collateral

3 **WARRANTIES OF DEBTOR**

Debtor warrants, covenants and represents to Secured Party that

a **Ownership of Collateral** Debtor is the owner of all of the Collateral, free and clear of all liens and encumbrances, except liens in favor of Secured Party

b **Encumbrances** Until all obligations of Debtor have been paid and performed under the Note and this Agreement, Debtor shall not create, incur, assume or suffer to exist any encumbrances on the Collateral, without the prior written consent of Secured Party

c **Defense and Indemnity** Debtor will defend its title and Secured Party's interest in the Collateral against all claims which may affect title to or Secured Party's security interest in the Collateral and will take any action necessary to remove any liens or encumbrances in the Collateral not authorized by this Agreement

d **Sale of Collateral** Until all obligations of Debtor have been paid and performed under the Note and this Agreement, Debtor shall not sell or otherwise dispose of any assets or properties comprising the Collateral without the prior written consent of Secured Party

e **Maintenance and Insurance** Debtor shall maintain the Collateral in good repair, working order and condition and shall maintain or cause to be maintained, at no cost or expense to Secured Party for the mutual benefit of Debtor and Secured Party, comprehensive broad form general public liability insurance against claims and liability for personal injury, death, or property damage arising from the use, occupancy or condition of the Franchised Business and the improvements at the Franchised Business All insurance policies carried by Debtor shall provide that the policies cannot be canceled or materially changed except after thirty (30) days prior notice by the insurer to Secured Party All policies shall name Secured Party as an additional insured

4 **EVENTS OF DEFAULT**

If one or more of the following events shall occur, Debtor shall be in default under the Note and this Agreement

a **Note** If Debtor shall default in the due and punctual payment of any installment due under the Note, whether at maturity, upon acceleration or otherwise, and such default shall continue for a period of ten (10) days after written notice of such default is given by Secured Party to Debtor

b **Security Agreement and Other Agreements** If Debtor shall default in the performance of Debtor s obligations under this Agreement, the Franchise Agreement, or any other agreement between Secured Party and Debtor, and such default shall continue for a period of ten (10) days after written notice of such default is given by Secured Party to Debtor

c **Sale of Collateral or Business** If Debtor shall sell, exchange, transfer or make any other disposition of all or substantially all of the assets (other than a transfer by Debtor to an affiliated entity) of the Franchised Business located at the Franchised Location

d **Adjudication** If Debtor shall be adjudicated bankrupt or insolvent, or make an assignment for the benefit of creditors, or Debtor shall apply for or consent to the appointment of a custodian, receiver, trustee, or similar officer for it or for all or any substantial part of its Collateral, or such custodian, receiver, trustee or similar officer shall be appointed without the application or consent of Debtor, and such appointment shall continue undischarged for a period of sixty (60) days

e **Institution of Proceedings** If Debtor shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction, or any such proceeding shall be instituted (by petition, application or otherwise) against Debtor and shall remain undismissed for a period of sixty (60) days

f **Effect of Default** Upon the occurrence of an event of default under Paragraphs 4(c), 4(d) or 4(e) above, automatically, and, upon the occurrence of an event of default under Paragraphs 4(a) or 4(b), upon the election of Secured Party following the expiration of the ten (10) day period provided therein, the entire principal balance of the Note, and any accrued interest, without further demand, shall immediately become due and payable No delay or omission on the part of Secured Party in exercising any right under the Note shall operate as a waiver of such right

g **Possession of Collateral and Remedies** Upon the occurrence of any event of default set forth above or upon the occurrence of any other default in payment or performance of any obligations for which this security interest in granted, Secured Party shall have, in addition to all other rights and remedies, the remedies of a secured party under the UCC as then in effect in the state in which the Franchised Location is located, regardless of whether the UCC applies to the security transactions covered by this Agreement, including without limitation the right to accelerate the maturity of the obligations, without notice or demand, and the immediate right to take possession and use of the Collateral and any proceeds thereof wherever located Debtor shall assemble the Collateral and make the Collateral and all records relating thereto available to Secured Party at a place to be designated by Secured Party that is reasonably convenient for both parties If notice is required, Secured Party shall give to Debtor at least five (5) business days prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition is to be made Debtor hereby acknowledges that five (5) business days prior written notice of such sale or sales shall be reasonable notice During the time that Secured Party is in possession of the Collateral, and to the extent permitted by law, Secured Party shall have the right to hold, use, operate, manage and control all or any part of the Collateral, to make all such repairs, replacements, alterations, additions and improvements to the Collateral as it may deem proper, and to demand, collect and retain all earnings, proceeds from such use and all other costs expenses, charges, damage or loss by reason of such use

5 GENERAL PROVISIONS

a **Governing Law and Venue** This Agreement shall be governed and construed in accordance with the laws of the State of Nevada Venue for purposes of any legal proceedings brought in connection with or arising out of this Agreement shall be conclusively presumed to be in Clark County, Nevada Debtor hereby submits to the exclusive jurisdiction of the United States District Court in Clark County, Nevada

b **Notices** All notices or demands shall be in writing and shall be served in person, by Express Mail, by Certified Mail, or by private overnight delivery to the last known address of Franchisor and Debtor "**Receipt**" shall take place (i) at the time of service, if personally served, (ii) one business day after electronic transmission (with confirmation copy sent by regular United States mail, (iii) 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail, and (iv) upon the earlier of actual receipt or 3 business days after deposit in the United States mail, by Registered or Certified Mail, Return Receipt Requested, properly addressed and postage prepaid Notices and demands and all changes of address shall be given to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party

Any notice or demand to Secured Party shall be given to

Fiesta Insurance Franchise Corporation
3755 Breakthrough Way, Suite #205
Las Vegas, Nevada 89135
Attention Deane Silke

With a copy (which shall not constitute notice) to

Barry Kurtz, Esq
Lewitt, Hackman, Shapiro, Marshall & Harlan
16633 Ventura Blvd , 11th Floor
Encino, California 91436
Facsimile No (818) 981-4764

Notices to Debtor

_____
_____
_____

Either party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party

c **Waivers** The delay, omission or forbearance by Secured Party to take action to remedy or seek damages for the breach or default of any term, covenant or condition herein contained or to exercise any right, power or duty arising from such breach or default shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach or default of the same or any other term, covenant or condition herein contained The subsequent acceptance of payments by Secured Party shall not be deemed to be a waiver of any

preceding breach or default by Debtor other than its failure to pay the particular payment so accepted, regardless of Secured Party's knowledge of such preceding breach or default at the time of acceptance of such payment

d **Attorneys Fees** If Secured Party becomes a party to any legal proceedings concerning this Agreement or the Note by reason of any act or omission of Debtor or its authorized representatives, Debtor shall be liable to Secured Party for the reasonable attorneys fees and court costs incurred by Secured Party in the legal proceedings

e **Modification.** This Agreement may be modified only by a writing executed by the party sought to be bound

f **Entire Agreement.** This Agreement, the other agreements referred to herein and any other agreement that may be executed by the parties concurrently with the execution of this Agreement, set forth the entire agreement and understanding of the parties and any agreement, representation or understanding, express or implied, heretofore made by either party or exchanged between the parties are hereby waived and canceled

g **Cumulative Remedies** Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law

h **Titles** The various titles of the Paragraphs herein are used solely for convenience and shall not be used in interpreting or construing any word, clause, paragraph, or subparagraph of this Agreement

i **Gender** All words used in this Agreement in the singular shall include the plural and the masculine gender shall include the feminine and neuter and the neuter shall include the masculine and feminine

j **Successors.** This Agreement shall be binding upon all of the parties hereto, their respective heirs, executors, administrators, personal representatives successors and assigns

k **Severability** The invalidity of any one or more of the provisions contained in this Agreement as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof

l **Additional Documents.** Debtor agrees to execute, acknowledge and deliver to Secured Party and to procure the execution, acknowledgment and delivery to Secured Party of any additional documents or instruments which Secured Party may reasonably require to fully effectuate and carry out the provisions of this Agreement

m **Counterparts and Electronic Copies** 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 Signatures transmitted electronically or by facsimile will be deemed original signatures Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement

n **Representation By Counsel** Debtor acknowledges and agrees that Debtor has been represented by independent legal counsel of Debtor's choice in connection with the negotiation and review of the terms and conditions of this Agreement, or has had the opportunity to have legal counsel assist Debtor, but has voluntarily elected not to do so

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written

SECURED PARTY

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke, President

DEBTOR

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation
State of incorporation/organization _____
Name of Franchisee entity _____

By _____
Its _____, and individually

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT I

GENERAL RELEASE

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT I
GENERAL RELEASE

_____ ("**Franchisee**") and _____ _____ ('**Guarantor**') enter into this General Release on _____, 20_, with reference to the following facts

1 **[DESCRIPTION OF FACTS]**

2 For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisee and Guarantor hereby release and forever discharge Franchisor, its affiliates, parents and subsidiaries, and the directors, officers, shareholders, employees, attorneys and agents of said corporations, and each of them, from any and all claims, obligations, liabilities, demands, costs, expenses, damages, actions and causes of action, of whatever nature, character or description, known or unknown, suspected or unsuspected (collectively "**Damages**'), which arose on or before the date of this General Release, of any and all claims which Franchisee and Guarantor may have or believes to have against Franchisor and/or its affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, which are based on, arise from or relate to the Franchise Agreement, this General Release, the Franchised Business or the Franchised Location, including, without limitation, all obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, arising under federal, state and local laws, rules and ordinances, and including any Damages with respect to the **[DESCRIPTION OF FACTS]**

3 Franchisee and Guarantor acknowledge that Franchisee and Guarantor are aware that Franchisee and Guarantor may hereafter discover claims or facts in addition to or different from those which Franchisee and Guarantor now know or believe to be true with respect to the released items, and the claims relative thereto, which do now exist, may exist, or heretofore have existed between Franchisor, affiliates, parents and subsidiaries, and the directors, officers, shareholders, employees, attorneys and agents of said corporations, and each of them, on the one hand, and Franchisee and Guarantor, on the other hand, with respect to such released items In furtherance of such intention, this release shall be and remain in effect as a full and complete release of such released items, notwithstanding the discovery or existence of any such additional or different claims or facts relating thereto

4 This General Release shall be binding upon each of the parties to this General Release and their respective heirs, executors, administrators, personal representatives, successors and assigns

(Signature Page Follows)

IN WITNESS WHEREOF, the undersigned has executed this General Release as of the day and year set forth above

FRANCHISEE

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation
State of incorporation/organization _____
Name of Franchisee entity _____

By _____
Its _____, and individually

GUARANTOR.

_____

_____

FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE AGREEMENT
EXHIBIT J

AFFILIATION FRANCHISE ADDENDUM TO FRANCHISE AGREEMENT (CALIFORNIA ONLY)

FIESTA INSURANCE FRANCHISE CORPORATION
AFFILIATION FRANCHISE ADDENDUM
TO FRANCHISE AGREEMENT
(CALIFORNIA ONLY)

ADDENDUM made this __ day of _____, 20__ (the "**Effective Date**"), by and between **FIESTA INSURANCE FRANCHISE CORPORATION**, a Delaware corporation (**Franchisor** '), on the one hand, and _____ _____ (**Franchisee**), on the other hand, with reference to the following facts

A Franchisor and Franchisee entered into a Franchise Agreement (the "**Franchise Agreement**') on the Effective Date pursuant to which Franchisee agreed to convert Franchisee's existing independent business (the "**Business**") located at _____ (the ' **Franchised Location**") into a Fiesta insurance agency and retail tax preparation and tax filing business (an "**Affiliation Franchised Business**") and to thereafter operate the Business as an Affiliation Franchised Business as a franchisee of Franchisor

B Franchisor and Franchisee desire to enter into this Addendum to modify certain terms of the Franchise Agreement to provide for the conversion of the Business into an Affiliation Franchised Business on the terms and conditions set forth in this Addendum All provisions of the Franchise Agreement shall apply to an Affiliation Franchised Business unless otherwise stated in this Addendum

NOW, THEREFORE, IT IS AGREED

1 **Initial Franchise Fee** Notwithstanding the provisions of Section 4 1 of the Franchise Agreement, Franchisee shall not pay Franchisor an Initial Franchise Fee

2 **Affiliation Requirements** Immediately following the Effective Date, Franchisee shall remodel the Franchised Location to conform to Franchisor's current Corporate Design Standards, to Franchisor's satisfaction, within ninety (90) days following the Effective Date and in accordance with Section 5 3 of the Franchise Agreement Notwithstanding the provisions of Section 5 1 3 of the Franchise Agreement, the Affiliation Franchised Business shall open for business within ninety (90) days after the Effective Date (the '**Opening Date**") Franchisor shall pay up to $20,000 of the cost to remodel the Franchised Location to conform to Franchisor's current Corporate Design Standards, in the sole discretion of Franchisor, both as to the decision to pay and the amount of the payment, without any obligation for repayment The remodeling requirements for the Franchised Location are described on Schedule 1 attached to this Addendum

3 **Commissions** Notwithstanding the provisions of Section 4 4 3 of the Franchise Agreement, Franchisor shall not be entitled to any Commissions earned from any insurance company during the six (6) month period beginning on the Effective Date

4 **Company Appointments** Notwithstanding the provisions of Section 4 6 of the Franchise Agreement, Franchisee's current insurance company appointments shall be transferred to be under the corporate name and license of Franchisor in order to allow Franchisor to work with Franchisor's carrier relationships to have all of Franchisee's current insurance company appointments increased up to Franchisor's higher commission levels wherever possible during the conversion

5 **Errors and Omissions Policy** Franchisee shall be included on Franchisor's errors and omissions policy following the Effective Date, which will provide Franchisee with a significant savings on the annual cost of errors and omissions coverage Franchisee will no longer need to maintain Franchisee's own errors and omissions policy following the Effective Date Franchisee shall pay Franchisee's pro-rata share of the cost of Franchisor's master errors and omissions coverage once each year, which is currently estimated to be approximately $600 Payment for this errors and omission coverage occurs annually in February of each year

6 **Entire Agreement** This Addendum constitutes the entire and complete agreement between Franchisor and Franchisee concerning the subject matter of this Addendum and supersedes all prior agreements on this subject Defined terms used in this Agreement shall have the same meanings as used in the Franchise Agreement

7 **Counterparts and Electronic Copies** This Addendum 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 Signatures transmitted electronically or by facsimile shall be deemed original signatures Electronic copies of this Addendum shall constitute and be deemed an original copy of this Addendum for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Addendum

8 **Successors.** This Addendum shall be binding upon each of the parties and their respective heirs, executors, administrators, personal representatives, successors and assigns

9 **Ratification of Franchise Agreement** Except as amended in this Addendum, the terms and conditions of the Franchise Agreement are hereby ratified, confirmed and approved

IN WITNESS WHEREOF, the parties have executed this Addendum on the Effective Date

FRANCHISOR.

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke, President

FRANCHISEE

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation
State of incorporation/organization _____
Name of Franchisee entity _____

By _____
Its _____, and individually

SCHEDULE 1
TO AFFILIATION FRANCHISE ADDENDUM
TO FRANCHISE AGREEMENT
(CALIFORNIA ONLY)

FRANCHISOR.

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke, President

FRANCHISEE

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

State of incorporation/organization _____
Name of Franchisee entity _____

By _____

Its _____, and individually

EXHIBIT C

TO THE FIESTA INSURANCE FRANCHISE CORPORATION FRANCHISE DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

FIESTA INSURANCE FRANCHISE CORPORATION

AREA DEVELOPMENT AGREEMENT

FIESTA INSURANCE FRANCHISE CORPORATION
AREA DEVELOPMENT AGREEMENT
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EXHIBITS

Exhibit A	Development Area and Development Period
Exhibit B	Entity Information
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FIESTA INSURANCE FRANCHISE CORPORATION

AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (this "**Agreement**") (this "**Agreement**") is made and entered into as of _____, _____ (the '**Effective Date**"), by and between **FIESTA INSURANCE FRANCHISE CORPORATION,** a Delaware corporation ("**Franchisor**"), on the one hand, and _____ ("**Area Developer**"), on the other hand, (who are individually referred to as a "**Party**' and collectively referred to as the "**Parties**"), with reference to the following facts

A Franchisor has the perpetual license to use and sublicense the use of "**FIESTA**" trademarks, service marks, logos and commercial symbols and business methods and offers franchises for sale for businesses that sell, service and offer insurance policies, retail tax preparation and tax filing services and other additional related services designated by Franchisor from time-to-time, to the public These business methods encompass all aspects of developing, operating and marketing an insurance agency and retail tax preparation and tax filing business and providing certain financial services to the public, specifications and procedures for operations, procedures for management control, training and assistance, specifications for equipment and fixtures, defined product offerings, Franchisor specified pricing, restrictions on ownership, advertising, public relations and promotional programs, the relationship between Franchisor and its area developers and franchisees, all of which may be changed, improved and further developed by Franchisor from time to time (collectively, the "**Fiesta System**")

B The Fiesta System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark "**Fiesta**" and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the Fiesta System (the "**Proprietary Marks**") and certain copyrights, including, but not limited to, the Fiesta logo, Fiesta Max logo and Fiesta character and such other copyrights as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the Fiesta System (the "**Copyrights**')

C Franchisor desires to expand and develop Fiesta insurance agencies and retail tax preparation and tax filing business (a "**Fiesta Franchised Business**" or the "**Fiesta Franchised Businesses**") in the Development Area, and Area Developer desires to develop Fiesta Franchised Businesses in the Development Area, upon the terms and conditions as set forth in this Agreement

NOW, THEREFORE, THE PARTIES AGREE

1 GRANT OF AREA DEVELOPMENT RIGHTS

1 1 Grant of Area Development Rights

1 1 1 Upon the terms and subject to the conditions of this Agreement, Franchisor hereby grants to Area Developer, and Area Developer hereby accepts, the non-exclusive right and obligation, during the '**Term**" (defined below), to develop Fiesta Franchised Businesses solely at sites in the geographic area defined in **Exhibit A** attached to this Agreement (the '**Development Area**") An increase or decrease in the size of the cities, counties or political subdivisions, if any, included within these boundaries shall have no effect on the Development Area as it is described in **Exhibit A**

1 1 2 To protect the Fiesta System, the Proprietary Marks and the Copyrights and the goodwill associated with the same, Area Developer acknowledges and agrees that no right or license is granted to Area Developer under this Agreement to use the Proprietary Marks, Copyrights or Fiesta System, such right and license being granted solely pursuant to Franchise Agreements executed pursuant to this Agreement Without limiting the generality of the foregoing, nothing in this Agreement shall permit

Area Developer to own or operate a Fiesta Franchised Business, except pursuant to a duly executed and existing Franchise Agreement Area Developer shall not use the Proprietary Marks, Copyrights, or Fiesta System in any manner or for any purpose, including in connection with any offering of securities or any request for credit, without the prior express written approval of Franchisor

1 2 **Non-Exclusive, Reservation of Rights**

1 2 1 Except as provided in Section 1 1 1, Franchisor expressly reserves all other rights, including the right, among others, in any manner and on any terms and conditions that Franchisor deems advisable, and without granting Area Developer any rights under this Agreement

a) To own, acquire, establish and/or operate, and to grant licenses and franchises to others to establish, own, and operate, a Fiesta Franchised Business, at any location, whether inside or outside of the Development Area (regarding of its proximity to the Development Area)

b) To own, acquire, establish and/or operate, and to grant licenses and franchises to others to establish, own, and operate, businesses under other proprietary marks, copyrights, or other systems, whether such businesses are the same, similar or different from Fiesta Franchised Businesses, at any location, whether inside or outside of the Development Area (regardless of its proximity to the Development Area), and to purchase, merge, acquire or affiliate with any existing competitive or non-competitive franchise network, chain or any other business at any location, whether inside or outside of the Development Area (regardless of its proximity to the Development Area)

c) To offer and sell Fiesta (or any other brand) products and services (whether or not competitive) to customers located anywhere (including within the Development Area) using any channel of distribution whatsoever, subject to the conditions for Special Accounts as described in the Franchise Agreement

d) To market on the Internet and use the Proprietary Marks and Copyrights on the Internet including the use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements and in all other forms of electronic media

e) To produce, license, distribute and market Fiesta branded items through any outlet, whether inside or outside of the Development Area (regardless of its proximity to the Development Area), and through any distribution channel, including by means of the Internet mail order catalogs, direct mail advertising and other distribution methods

1 3 **Certain Definitions** In this Agreement, the following capitalized terms shall have the meanings set forth below, unless the context otherwise requires

' **Affiliate**" when used in this Agreement in connection with Franchisor or Area Developer, includes each person or Entity which directly, or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with Franchisor or Area Developer, as applicable

"**Applicable Law**" means and includes applicable common law and all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority, governing the operation of a Fiesta Franchised Business, including all labor, immigration, disability, laws and regulations, as in effect on the Effective Date hereof, and as may be amended, supplemented or enacted from time to time

"**Competitive Business**" means any business associated with the sale of any type of insurance and/or with retail tax preparation and tax filing services, other than a Fiesta Franchised Business operated pursuant to a validly existing Franchise Agreement with Franchisor

"**Confidential Information**" means tangible and intangible information in any form relating to the Fiesta System, including, without limitation, operations, products and services, identification of insurance carriers, methods, techniques, manuals, related written content, disclaimers, handout items, equipment, sources of materials and equipment, data, other content, formulations, patterns, compilations, programs, devices and processes, know-how, business relationships, designs, developmental or experimental work and services, improvements, discoveries, potential new products and services, websites, advertisements, ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators and customers, customer lists, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, designs, drawings, specifications, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities and any other information or material considered proprietary by Franchisor, whether or not designated as Confidential Information by Franchisor, but which is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy or any other information in oral, written, graphic or electronic form which, given the circumstances surrounding such disclosure, would be considered confidential Confidential Information also includes the manner in which any of the above-described items may be combined with other information or products or synthesized or used by Area Developer Confidential Information does not include any information which (a) was in the lawful and unrestricted possession of Area Developer prior to its disclosure by Franchisor, (b) is or becomes generally available to the public by acts other than those of Area Developer after receiving it, (c) has been received lawfully and in good faith by Area Developer from a third party who did not derive it from Franchisor, or (d) is shown by acceptable evidence to have been independently developed by Area Developer

'**Default**" or "**default**" means any breach of or failure to comply with any of the terms or conditions of an agreement

"**Development Period**" means each of the time periods indicated on **Exhibit A** during which Area Developer shall have the right and obligation to construct, equip, open and thereafter continue to operate Fiesta Franchised Businesses in accordance with the Development Obligation'

"**Development Obligation** ' shall mean Area Developer's right and obligation to construct, equip, open and thereafter continue to operate at sites within the Development Area the cumulative number of Fiesta Franchised Businesses set forth in **Exhibit A** attached to this Agreement within each Development Period and, if applicable, within the geographic areas specified in **Exhibit A** attached to this Agreement

"**Entity**" means any limited liability company, partnership, trust, association, corporation or other entity which is not an individual

"**Equity** ' means capital stock, membership interests, partnership rights or other equity ownership interests of an Entity

"**Franchise Agreement** means the form of agreement prescribed by Franchisor and used to grant to Area Developer the right to own and operate a single Fiesta Franchised Business in the Development

Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time

'**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), strikes, lockouts or other industrial disturbances, war, terrorist acts, riot or other civil disturbance, epidemics, or other similar forces which Area Developer could not by the exercise of reasonable diligence have avoided, provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Area Developer by any lender, landlord or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure Area Developer s financial inability to perform or Area Developer's insolvency shall not be an event of Force Majeure under this Agreement.

"**General Release**" means a general release in a form prescribed by Franchisor of any and all claims which Area Developer may have or believes to have against Franchisor and/or its Affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, which are based on, arise from or relate to this Agreement or the Fiesta Franchised Businesses, as well as claims, known or unknown, which are not based on, do not arise from or do not relate to this Agreement or the Fiesta Franchised Businesses but which relate to other franchise agreements, Fiesta Franchised Businesses, and other agreements between Franchisor, or its Affiliates, and Area Developer which arose on or before the date of the General Release, including, without limitation, all obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, arising under federal, state and local laws, rules and ordinances

"**Governmental Authority**" means and includes all federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities

"**Owner**" means each of the individuals listed on Exhibit B and each future direct or indirect shareholder, member, general or limited partner, trustee, or other equity owner of Area Developer

"**Protected Area**" means the geographic area designated by Franchisor in a Franchise Agreement

"**Restricted Persons**" means Area Developer, and each of its Owners and Affiliates, and the respective officers, directors, managers and Affiliates of each of them, and the spouse of each of the foregoing who are individuals

2 AREA DEVELOPER'S DEVELOPMENT OBLIGATION

To protect the Fiesta System, the Proprietary Marks and the Copyrights and the goodwill associated with the same

2 1 Development Obligation.

2 1 1 Within each Development Period specified in **Exhibit A**, Area Developer shall construct, equip, open and thereafter continue to operate at, and only at, sites within the Development Area, not less than the cumulative number of Fiesta Franchised Businesses required by the Development Obligation for that Development Period Area Developer shall open all three (3) Franchised Businesses within eighteen (18) months of the Effective Date Provided that Franchisee shall open the first Fiesta Franchised Business for business within six (6) months from the Effective Date, Franchisee shall open the remaining two (2) Fiesta Franchised Businesses for business within eighteen (18) months of the Effective Date If Area Developer fails to open any Fiesta Franchised Business within the time frames described in this Section 2 1 1, Area Developer shall no longer have the right under this Agreement or a Franchise

Agreement to develop, open or operate that Fiesta Franchised Business and Franchisor may terminate the Franchise Agreement for that Fiesta Franchised Business without refunding any of the Initial Franchise Fee

2 1 2 Fiesta Franchised Businesses developed under this Agreement which are open and operating and which have been assigned to Affiliates of Area Developer in accordance with Section 7 2 2 with Franchisor's consent, shall count in determining whether Area Developer has satisfied the Development Obligation for so long as the applicable Affiliate continues to satisfy the conditions set forth in Section 7 2 2

2 1 3 **Timing of Execution of Leases and Franchise Agreements** On the Effective Date, Area Developer shall execute two (2) copies of each Franchise Agreement and return them to Franchisor together with the applicable Initial Franchise Fee for each Fiesta Franchised Business which is required to be constructed, equipped and opened under this Agreement.

2 2 **Force Majeure.**

2 2 1 Subject to Area Developer's continuing compliance with Section 2 3 2, should Area Developer be unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Franchisor to deliver a Disclosure Document pursuant to Section 6 2, which results in the inability of Area Developer to construct or operate Fiesta Franchised Businesses in all or substantially all of the Development Area pursuant to the terms of this Agreement, the particular Development Period during which the event of Force Majeure (or Franchisor's legal disability to deliver a Disclosure Document) occurs shall be extended by an amount of time equal to the time period during which the Force Majeure (or Franchisor's legal disability to deliver a Disclosure Document) shall have existed during that Development Period Development Periods during which no such Force Majeure (or legal disability) existed shall not be extended Other than as a result of Force Majeure, any delay in Franchisor's issuance of acceptance of any site under Article 6, including, Area Developer's failure to satisfy the other conditions set forth in Section 6 3, shall not extend any Development Period

2.2 2 In the event of the occurrence of an event constituting Force Majeure, Area Developer shall notify Franchisor in writing within five (5) days following commencement of the alleged Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted Area Developer's performance under this Agreement. Area Developer shall continue to provide Franchisor with updates and all information as may be requested by Franchisor, including Area Developer's progress and diligence in responding to and overcoming the Force Majeure

2 3 **Area Developer May Not Exceed The Development Obligation** Unless Franchisor shall otherwise consent in writing, Area Developer may not construct, equip, open and operate more than the total number of Fiesta Franchised Businesses comprising the Development Obligation

3 DEVELOPMENT AREA

3 1 **Franchisor's Right to Develop** Notwithstanding Section 2 1 above, if during the Term of this Agreement, Area Developer is unable or unwilling, or fails for any reason (except due to Force Majeure as provided in Section 2 2), to satisfy the Development Obligation, this Agreement shall automatically terminate upon notice by Franchisor to Area Developer Upon such termination, Franchisor may, but has no obligation to, open and operate, or license others to (or grant others development rights to) open and operate, Fiesta Franchised Businesses at any site(s) within the Development Area, excluding sites in the Protected Area granted to Area Developer pursuant to the individual Franchise Agreement for each then existing Fiesta Franchised Business located in the Development Area

3 2 **Protected Area for Each Individual Fiesta Franchised Business** Each Franchise Agreement executed pursuant to this Agreement shall provide that Franchisor and its Affiliates may not

open or operate, or franchise or license the operation of any Fiesta Franchised Business at any site located within the Protected Area surrounding Fiesta Franchised Businesses opened by Area Developer pursuant to such Franchise Agreement

4 TERM OF AREA DEVELOPMENT AGREEMENT

4 1 **Term** The term of this Agreement shall commence on the Effective Date and, unless otherwise negotiated, terminated or extended as provided in this Agreement, shall continue until the fifth anniversary of the Effective Date (the "**Term**")

4 2 **Limited Additional Development Right.** If Area Developer shall determine that it desires to engage in further development of the Development Area in excess of the Development Obligation, Area Developer shall at the earlier of (i) one hundred eighty (180) days prior to the scheduled expiration of the Term or (ii) the date on which acceptance of the proposed site for the last Fiesta Franchised Business required to meet the Development Obligation is issued, notify Franchisor in writing ("**Additional Development Notice**") of Area Developer's desire to develop additional Fiesta Franchised Businesses in the Development Area and a plan for such development over a new term, setting forth the number of proposed Fiesta Franchised Businesses and the deadlines for the development of each of them within such proposed term This right of additional development by Area Developer shall be exercised only in accordance with Section 4 3 and is subject to the conditions set forth in Section 4.4 This Agreement is not otherwise renewable

4 3 **Exercise of Right of Additional Development.**

4 3 1 If Franchisor determines the additional development obligation proposed by the Additional Development Notice is unacceptable in any respect(s), Franchisor and Area Developer shall (subject to Section 4 4) negotiate during the following sixty (60) days in an effort to reach a mutually agreeable additional development obligation Each Party may negotiate to protect its own interests as it deems appropriate in its discretion

4 3 2 If the additional development obligation proposed by the Additional Development Notice is acceptable to Franchisor, or if Franchisor and Area Developer reach agreement on an alternative additional development obligation (the "**Additional Development Obligation**") within said sixty (60) day period, then Franchisor shall deliver to Area Developer a copy of Franchisor's then-current Disclosure Document, if required by Applicable Law, and two (2) copies of the then-current Area Development Agreement, which may vary substantially from this Agreement, setting forth the agreed upon Additional Development Obligation Within thirty (30) days after Franchisor's delivery of the said Area Development Agreement, but no sooner than immediately after the expiration of any applicable waiting period(s) prescribed by Applicable Law, Area Developer shall execute two (2) copies of the Area Development Agreement and return them to Franchisor together with the applicable initial franchise fees for the Fiesta Franchised Businesses required by the Additional Development Obligation If Area Developer has so executed and returned the copies and has satisfied the conditions set forth in Section 4 4, Franchisor will execute the copies and return one fully executed copy to Area Developer

4 4 **Conditions to Exercise of Right of Additional Development** Area Developer must satisfy the following conditions precedent to develop additional Fiesta Franchised Businesses in the Development Area pursuant to Section 4 2.

4 4 1 Area Developer (and each of its Affiliates which have developed or operate Fiesta Franchised Businesses in the Development Area) shall fully perform all of its obligations under this Agreement and all other agreements between Franchisor and Area Developer (or the applicable Affiliate)

4 4 2 Area Developer shall demonstrate to Franchisor, Area Developer's financial

capacity to perform the Additional Development Obligations set forth in the new Area Development Agreement In determining if Area Developer is financially capable, Franchisor will apply the same criteria to Area Developer as it applies to prospective area developers at that time

4 4 3 At the expiration of each Development Period and at the expiration of the Term, Area Developer shall have opened and shall thereafter have continued to operate, in the Development Area, not less than the aggregate number of Fiesta Franchised Businesses then required by the Development Obligation

4 4 4 Franchisor and Area Developer shall execute a new Area Development Agreement pursuant to Section 4 3

4 4 5 Area Developer, and all Affiliates of Area Developer who then have a currently effective Franchise Agreement or Area Development Agreement with Franchisor, shall have execute and delivered to Franchisor a General Release

4 5 **Effect of Expiration** Unless an Additional Development Obligation shall have been agreed upon, and a new Area Development Agreement shall have been executed by the Parties pursuant to Sections 4 2 and 4 3, following the expiration of the Term, or the sooner termination of this Agreement, (i) Area Developer shall have no further right to construct, equip, own, open or operate additional Fiesta Franchised Businesses which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between Area Developer (or an Affiliate of Area Developer) and Franchisor which is then in full force and effect, and (ii) Franchisor, or its Affiliates, may thereafter itself construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Fiesta Franchised Businesses at any location(s) (within or outside of the Development Area), without any restriction, subject only to any Protected Area rights granted for any then-existing Fiesta Franchised Business operated by Area Developer pursuant to a validly subsisting Franchise Agreement executed for such Fiesta Franchised Business

5 PAYMENTS BY AREA DEVELOPER.

5 1 **Initial Franchise Fees and Renewal Fees** On the Effective Date, Area Developer shall pay $20,000 to Franchisor as the initial franchise fee (the "**Initial Franchise Fee**"), representing $10,000 for the first Fiesta Franchised Business required to be opened during the Term pursuant to the Development Obligation and $5,000 each for the second and third Fiesta Franchised Business required to be opened during the Term pursuant to the Development Obligation The Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable, in whole or in part, under any circumstances When the Franchise Agreements for each Fiesta Franchised Business expire, Area Developer shall fulfill the renewal obligations outlined in the Franchise Agreements as a condition to renewal and pay Franchisor a renewal fee of $10,000 for the first Fiesta Franchised Business and $5,000 each for the second and third Fiesta Franchised Business opened pursuant to the Development Obligation.

6 EXECUTION OF LEASES

6 1 Site Review

6 1 1 Area Developer understands that the site for a Fiesta Franchised Business must be in an area of high visibility and commercial foot traffic and preferably adjacent to a chain grocery store Area Developer must not operate a Fiesta Franchised Business, use any of the Proprietary Marks or Copyrights from or at any location, or make any commitments about a site until Area Developer has Franchisor s written site acceptance Franchisor's then-current standards for approving sites for Fiesta Franchised Businesses will apply Franchisor shall not unreasonably withhold Franchisor's acceptance

Franchisor makes no representations or warranties as to the success of any site or as to any other matter of any kind relating to the site

6 1 2 Although Franchisor may voluntarily (without obligation) assist Area Developer in locating an acceptable site for the Fiesta Franchised Business, neither Franchisor s said assistance, if any, nor its acceptance of any proposed site, whether initially proposed by Area Developer or by Franchisor, shall be construed to insure or guarantee the profitable or successful operation of the Fiesta Franchised Business at that site by Area Developer, and Franchisor hereby expressly disclaims any responsibility therefore Area Developer acknowledges it is solely Area Developer's responsibility for finding each site for the Fiesta Franchised Businesses it develops pursuant to this Agreement.

6 2 **Delivery of Disclosure Document and Execution of Lease**

6 2 1 Promptly following Area Developer's receipt of Franchisor's written approval of a site, Area Developer shall proceed to negotiate a lease for the site and shall submit to Franchisor a copy of the proposed lease

6 2 2 Franchisor's review and acceptance of a lease shall not be construed to be an endorsement of such lease, confirmation that such lease complies with Applicable Law, or confirmation that the terms of such lease are favorable to Area Developer, and Franchisor hereby expressly disclaims any responsibility therefore

6 2.3 Area Developer shall procure the site pursuant to the lease which has been reviewed and accepted by Franchisor, and shall forward to Franchisor, within ten (10) days after its execution, one copy of the executed lease evidencing Area Developer's right to occupy the site Area Developer shall then commence construction and operation of the Fiesta Franchised Business within 6 months following the execution of the lease

6 3 **Condition Precedent to Franchisor's Obligations** To protect the Fiesta System, the Proprietary Marks and the Copyrights and the goodwill associated with the same, Area Developer acknowledges and agrees that it shall be a condition precedent to Franchisor's obligations pursuant to Sections 6 1 and 6 2, and to Area Developer's right to develop each and every Fiesta Franchised Business, that Area Developer shall have satisfied all of the following conditions precedent prior to Franchisor's acceptance of the proposed Fiesta Franchised Business and the site and lease therefore

6 3 1 Area Developer (and each of its Affiliates which have developed or operate Fiesta Franchised Businesses in the Development Area) shall have fully performed all of its obligations under this Agreement and all Franchise Agreements and other written agreements between Franchisor and Area Developer (or any such Affiliate of Area Developer), and must not at any time until Franchisor grants its acceptance of the proposed site, be in default of any of its contractual or other legal obligations to Franchisor or any of its Affiliates, or any approved vendor or supplier, or to any federal, state, county or municipal agency

6 3 2 Area Developer shall have demonstrated to Franchisor, in Franchisor's discretion, Area Developer's financial and other capacity to perform the obligations set forth in the executed Franchise Agreement for the proposed Fiesta Franchised Business, including Area Developer s submission of a comprehensive management plan acceptable to, and accepted by Franchisor, which shall include among other reasonable requirements as may be established by Franchisor, an organization chart and supervisory requirements for the proposed Fiesta Franchised Business In determining if Area Developer is financially or otherwise capable, Franchisor shall apply the same criteria to Area Developer as it applies to prospective area developers at that time

6 3 3 Area Developer shall continue to operate, in the Development Area, not less than the cumulative number of Fiesta Franchised Businesses required by the Development Obligation set forth in **Exhibit A** to be in operation as of the end of the immediately preceding Development Period

6 3 4 Area Developer, and each of its Affiliates who then has a currently effective Franchise Agreement or Area Development Agreement with Franchisor, must sign a General Release

7 ASSIGNMENT AND SUB-FRANCHISING

7 1 **Assignment by Franchisor** Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal Entity With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment In addition, and without limitation to the foregoing, Area Developer expressly affirms and agrees that Franchisor, and/or its Affiliates, may sell their assets, the Proprietary Marks, Copyrights or Fiesta System, may sell securities in a public offering or in a private placement, may merge, acquire other corporations or be acquired by another corporation, and may undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring With regard to any of the above sales, assignments and dispositions, Area Developer expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the Proprietary Marks (or any variation thereof), Copyrights or Fiesta System and/or the loss of association with, or identification of, Fiesta Insurance Franchise Corporation as Franchisor under this Agreement. Area Developer specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing Area Developer agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as the Fiesta Franchised Businesses operating under the Copyrights and Proprietary Marks or any other marks or copyrights following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Area Developer acknowledges may be proximate to the Fiesta Franchised Businesses)

7 2 **No Sub-Franchising by Area Developer** Area Developer shall not offer, sell, or negotiate the sale of Fiesta franchises to any third party, either in Area Developer's own name or in the name and/or on behalf of Franchisor, or otherwise sub-franchise, subcontract, sublicense, share, divide or partition this Agreement, and nothing in this Agreement will be construed as granting Area Developer the right to do so Area Developer shall not execute any Franchise Agreement with Franchisor, or construct or equip any Fiesta Franchised Business with a view to offering or assigning such Franchise Agreement or Fiesta Franchised Business to any third party

7 3 **Assignment by Area Developer** To protect the Fiesta System, the Proprietary Marks and the Copyrights and the goodwill associated with the same, Area Developer acknowledges and agrees that the rights and duties set forth in this Agreement are personal to Area Developer, and that Franchisor has granted this franchise in reliance on the business skill, financial capacity and personal character of Area Developer and its Owners Accordingly, neither Area Developer nor Owner shall sell, encumber, assign, transfer, convey, pledge, merge, or give away any direct or indirect interest in this Agreement, in Area Developer, or in all or substantially all of the assets of the Fiesta Franchised Business (each, a **Transfer**") without the prior written consent of Franchisor Any purported Transfer not having the written consent of Franchisor shall be null, shall constitute a material breach of this Agreement, and shall entitle Franchisor to terminate this Agreement without granting Area Developer any opportunity to cure Franchisor may, in its sole discretion, require Area Developer and the Owners, as a condition to

providing its consent to an Assignment of this Agreement, to execute a general release, in a form prescribed by Franchisor, of any and all claims, known or unknown, which the Area Developer may have against Franchisor and/or its affiliates and their respective officers, directors, agents and employees and a continuing guarantee, and, if the Area Developer is other than an individual, Franchisor may require, as Franchisor may request, such principals of the Area Developer, as assignor, to sign a continuing guarantee in favor of Franchisor for the performance and payment by the assignee of all obligations and debts to Franchisor and its affiliates under this Agreement.

7 4 **Requirements for Transfer** Franchisor may, in its sole discretion, require any or all of the following as conditions of its consent to a Transfer

7 4 1 Neither Area Developer nor any of its Owners or Affiliates (collectively, a "**Seller**") shall be in default of any provision of this Agreement, any amendment of this Agreement or successor hereto, or any other agreement with Franchisor or its Affiliates

7 4.2 The terms of the proposed sale and purchase agreement shall not purport to Transfer any Confidential Information or intellectual property of Franchisor and shall not, in Franchisor's sole discretion, contain any terms or conditions that would damage the goodwill of the Fiesta System

7 4 3 The proposed buyer of any direct or indirect interest in this Agreement, in Area Developer, or in all or substantially all of the assets of the Fiesta Franchised Business (the ' **Buyer**") shall demonstrate to Franchisor's satisfaction that the assignment and that the terms of the proposed assignment do not place an unreasonable financial burden on the proposed Buyer, and Area Developer acknowledges and agrees that Franchisor shall be entitled, in connection with assessing the financial burden placed upon any proposed Buyer, to share with such prospective assignee information relating to the Fiesta Franchised Business, including information in Franchisor's possession relating to operations at the Fiesta Franchised Business

7 4 4 The proposed Buyer shall demonstrate to Franchisor's satisfaction that the terms of the proposed assignment do not place an unreasonable operational burden on the proposed Buyer, and that the proposed Buyer meets Franchisor's standards for (i) work experience and aptitude, (ii) character and reputation, (iii) absence of conflicting interests, and (iv) such other criteria and conditions as Franchisor shall then consider relevant in the case of an application for a new franchise by an applicant not currently operating a Fiesta Franchised Business

7 4 5 The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in Franchisor's judgment, the proposed Buyer will be unlikely to properly maintain, operate and promote the Fiesta Franchised Business and meet the proposed Buyer's financial and other obligations to Franchisor, third party suppliers and creditors This provision shall not create any liability to either transferor or proposed Buyer on Franchisor's part, in the event that Franchisor approves the transfer and the proposed Buyer experiences financial difficulties

7 4 6 At Franchisor's request, the proposed Buyer shall execute, for a term ending on the expiration date of this Agreement, the current standard form Area Development Agreement then being offered to new Fiesta area developers, which Area Development Agreement shall supersede this Agreement in all respects and the terms of which may differ materially from the terms of this Agreement and may be less favorable to the proposed Buyer Area Developer shall, however, pay Franchisor a transfer fee of $5,000, plus Franchisor's out of pocket costs associated with the Transfer, including costs of attorneys' fees associated with the Transfer

7 4 7 The proposed Buyer and each owner of the proposed Buyer, as the case may be, must be a United States citizen or lawful resident alien of the United States and must have sufficient literacy and fluency in the English language sufficient, in Franchisor's opinion, to communicate with employees,

customers, and suppliers of Franchisor and to satisfactorily complete Franchisor s required training program and such other tests and interviews as Franchisor shall reasonably deem to be necessary or desirable Area Developer shall provide Franchisor with such information as Franchisor may require to make a determination concerning such proposed Transfer

7 4 8 The proposed Buyer shall be duly licensed to operate the Fiesta Franchised Businesses, and Area Developer shall have obtained, at its or the proposed Buyer's expense, all requisite consents to the Transfer from applicable governmental authorities

7 4 9 The Seller and Buyer must use an independent third party escrow company in connection with the sale

7 4 10 Area Developer shall remain liable for all of Area Developer's obligations to Franchisor and its Affiliates which arose prior to the effective date of the Transfer, and shall execute any documents reasonably requested by Franchisor to evidence such liability

7 4 11 Area Developer, and all Affiliates of Area Developer who then have a currently effective Franchise Agreement or Area Development Agreement with Franchisor, shall have executed and delivered to Franchisor a General Release

7 5 **Right of First Refusal** If Area Developer desires to accept any bona fide offer from a third party Buyer to purchase Area Developer's interests under this Agreement, Area Developer shall notify Franchisor of such offer at least twenty (20) days before such Transfer is proposed to take place, and shall provide such information and documentation relating to the offer as Franchisor may require Franchisor shall have the right and option, exercisable within ten (10) days after receipt of such written notification and any background materials concerning the proposed Transfer that Franchisor shall reasonably request, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party If Franchisor elects to purchase the seller's interest, the closing on such purchase shall occur within twenty (20) days from the date of notice to the seller of the election to purchase by Franchisor If Franchisor declines to purchase the seller's interest, Area Developer shall have twenty (20) days to close on the Transfer of such interest subject to Franchisor's approval pursuant to Section 7 4 Failure to effect a Transfer with the third party within the twenty (20) day period, or any material change thereafter in the terms of the offer prior to closing, shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer

7 6 **Death or Incapacitation** Upon the death or permanent incapacity (mental or physical) of Area Developer or any Owner with management responsibility for the operation of the Fiesta Franchised Businesses, the executor, administrator, or personal representative of such person shall continuously operate as required by this Agreement and shall transfer such interest to a third party approved by Franchisor within 6 months after such death or mental incapacity Transfers by devise or inheritance, shall be subject to the same conditions as any Transfer In the case of Transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Article 7, the heirs or beneficiaries shall Transfer the decedent's interest to a third party Buyer approved by Franchisor subject to all of the terms of this Article 7, or, at Franchisor's option, as an alternative to a Transfer, execute the current standard form Area Development Agreement then being offered to new Fiesta area developers (modified to reflect the remaining Term then remaining with respect to this Agreement) and any ancillary documents that Franchisor requires, the terms of which may be different from those of this Agreement. If the conditions set forth in this Section 7 6 are not satisfied within the 6 month period, Franchisor may, at its option, terminate this Agreement.

7 7 **Non-Waiver of Claims** Franchisor's consent to a Transfer shall not constitute a waiver of any claims Franchisor may have against the Seller, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the Seller or Buyer

7 8 **Transfer in Bankruptcy** If, for any reason, this Agreement is not terminated pursuant to Article 9 and this Agreement is assumed, or assignment of the same to any person or Entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth (i) the name and address of the proposed assignee, and (ii) all of the terms and conditions of the proposed assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Area Developer out of the consideration to be paid by such assignee for the assignment of this Agreement

7 9 **Entity Area Developer** Area Developer represents and warrants that the information set forth in **Exhibit B**, attached hereto and by this reference made a part hereof, is accurate and complete in all material respects Area Developer shall notify Franchisor in writing within ten (10) days of any change in the information set forth in **Exhibit B**, and shall submit to Franchisor a revised **Exhibit B**, certified by Area Developer as true, correct and complete and upon acceptance thereof by Franchisor shall be attached to this Agreement as **Exhibit B** Area Developer promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Area Developer

7 10 **Assignment to a Controlled Entity** If Area Developer is an individual, individuals or a partnership, Franchisor consents to the assignment of this Agreement to a corporation or limited liability company formed and controlled by Area Developer to operate the Fiesta Franchised Business, provided, however, that each present and future Owner of Area Developer shall jointly and severally guarantee Area Developer's performance of each and every provision of this Agreement by executing a Guarantee in the form of **Exhibit C** and provided, further, that Area Developer shall be and remain, together with its Owners, jointly and severally liable for all obligations under this Agreement, and for all breaches thereof and, provided further, that Area Developer shall continue to supervise the operation of the Fiesta Franchised Business Area Developer shall immediately notify Franchisor of any such assignment and shall complete all appropriate agreements required by Franchisor as a result thereof No transfer fee shall be charged by Franchisor for its participation in this type of Transfer

7 11 **Non-Disparagement** Following (i) a Transfer permitted under Article 7, (ii) the expiration of the Term, or (iii) the termination of this Agreement (regardless of the cause for termination), neither Party shall make, participate, or concur in any remark or actions that are disparaging or detrimental regarding the other Party, or its Affiliates, or their respective officers, directors, shareholders, managers, members, parents, predecessors, principals, employees, successors, assigns, representatives or attorneys, in any way or in any manner, including, without limitation, in any comment or posting on internet forums, social media, blogs, Facebook pages and similar sites, internet sites, newspapers, or articles, unless the same is required by an order of a court of competent jurisdiction or by other applicable legal requirements

8 COVENANTS

8 1 **During Term of Agreement** Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer shall receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Fiesta System. To protect the Fiesta System, the Proprietary Marks and the Copyrights and the goodwill associated with the same, Area Developer (and, if Area Developer is a corporation, limited liability company, or partnership, all Owners of Area Developer)

covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Area Developer and its Owners shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, or legal Entity

8 1 1 Divert or attempt to divert any present or prospective customer to Competitive Business by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks, Copyrights and the Fiesta System,

8 1 2 Employ or seek to employ any person who is or has been within the previous thirty (30) days employed by Franchisor or an Affiliate of Franchisor as a salaried managerial employee, or otherwise directly or indirectly induce such person to leave his or her employment, or

8 1 3 Operate any Competitive Business

8 1 4 Communicate, divulge, or use for the benefit of, anyone else, any Confidential Information, knowledge, or know-how concerning the methods of operation of the Fiesta Franchised Business or Fiesta System which may be communicated to Area Developer, or of which Area Developer may be apprised, by virtue of Area Developer's operation under the terms of this Agreement. Area Developer shall divulge such Confidential Information only to such of its employees as must have access to it in order to perform their employment responsibilities Any and all matters, information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement.

8 2 **After Expiration or Termination of Agreement** Area Developer specifically acknowledges and agrees that prior to becoming an area developer of Franchisor, Area Developer had no experience, information or knowledge whatsoever about a business that offers automobile insurance policies, tax preparation or tax filing services or related services to the public or of a Fiesta Franchised Business and that Area Developer s knowledge of the Confidential Information was obtained solely from Franchisor following Area Developer's training by Franchisor and Area Developer's subsequent operation of the Fiesta Franchised Businesses under the respective Franchise Agreements with Franchisor Area Developer further specifically acknowledges that, pursuant to this Agreement, Area Developer shall receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the Fiesta System. Commencing upon the date of (i) a Transfer permitted under Article 7; (ii) the expiration of this Agreement, (iii) termination of this Agreement (regardless of the cause for termination), or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 8 2, and continuing for an uninterrupted period of 2 years thereafter, Area Developer shall not, without Franchisor's prior written consent, own, operate, lend to, advise, be employed by or have any financial interest in any, make loans to, invest in, provide any assistance to, or have any interest in (as Owner or otherwise) or relationship or association with, any Competitive Business located anywhere within the Development Area or at a location designated as a "**Franchised Location**" in a Franchise Agreement between Franchisor, as franchisor, and Area Developer, or an Affiliate or Owner of Area Developer, as franchisee, except in accordance with the terms of an effective Franchise Agreement between Franchisor, as franchisor, and Area Developer, or an Affiliate or Owner of Area Developer, as franchisee, or disrupt, impair or otherwise interfere with the business of Franchisor, whether by way of interfering with or raiding its employees, disrupting its relationships with customers, agents, representatives or vendors or otherwise

8 3 **Exceptions to Non-Compete Covenants** Sections 8 1 and 8 2 shall not apply to ownership by Area Developer of a less than five percent (5%) beneficial interest in the outstanding Equity securities of any Competitive Business registered under the Securities Act of 1933 or the Securities Exchange Act of 1934

8 4 **Reducing Scope of Covenants** Area Developer acknowledges and agrees that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8 1 and 8 2, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof, and Area Developer agrees that Area Developer shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 8 1 or Section 8 2

8 5 **Enforceability Not Affected by Claims** Area Developer agrees that the existence of any claims Area Developer 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 Article 8 Area Developer shall pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 8

8 6 **Irreparable Injury** Area Developer acknowledges that Area Developer's violation of any covenant of this Article 8 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer consents to the issuance of, and shall pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex-parte or other order for injunctive or other legal or equitable relief with respect to such conduct or action

9 TERMINATION

9 1 **Bankruptcy or Insolvency** Area Developer shall be deemed to be in default under this Agreement, and all rights granted to Area Developer under this Agreement shall automatically terminate without notice to Area Developer, if Area Developer becomes insolvent or makes a general assignment for the benefit of creditors, if a petition in bankruptcy is filed by Area Developer or such a petition is filed against and not opposed by Area Developer, if Area Developer is adjudicated as bankrupt or insolvent, if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or other custodian for Area Developer's business or assets is filed and consented to by Area Developer, if a receiver or other custodian (permanent or temporary) of Area Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction, if proceedings for a composition with creditors under any state or federal law is instituted by or against Area Developer, if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed), if Area Developer is dissolved, if execution is levied against Area Developer's business or property, if suit to foreclose any lien or mortgage against the Fiesta Franchised Businesses or assets is instituted against Area Developer and not dismissed within thirty (30) days, or if the real or personal property of the Fiesta Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable

9 2 Termination Pursuant to a Default of this Agreement

9 2 1 Subject to Applicable Law to the contrary, this Agreement may be terminated by Franchisor in the event of any Default by Area Developer of this Agreement, unless such Default is non-curable or is cured by Area Developer within five (5) days following written notice of the Default (in the case of a failure to pay money), or twenty (20) days following written notice of the Default (in the case of any other Default), provided that in the case of a Default by Area Developer (or its Affiliate) under any Franchise Agreement or other written agreement, the notice and cure provisions of the Franchise Agreement or other agreement shall control, and provided, further, however, that any Default described in Sections 9 2 2, 9 2 3 or 9 2 5 shall be deemed incurable

9 2 2 Any Assignment or attempted Assignment in violation of the terms of Section 7 2 or 7 3, or without the written consents required pursuant to this Agreement.

9 2 3 Subject to Section 2 3, failure of Area Developer to satisfy the Development Obligation within the Development Periods set forth in this Agreement.

9.2.4 Failure of Area Developer (or any Affiliate of Area Developer) to pay any Initial Franchise Fee or royalty fee in a timely manner as required by this Agreement or any Franchise Agreement signed by Area Developer

9.2.5 Area Developer's opening of any Fiesta Franchised Business in the Development Area except in strict accordance with the procedures set forth in Sections 6.1 through 6.3

9.2.6 Failure of Area Developer to fully comply with the requirements of Section 8.1

9.2.7 Any Default of any other agreement between Area Developer (or any Affiliate of Area Developer) and Franchisor (or any Affiliate of Franchisor), including any Franchise Agreement executed pursuant to this Agreement

9.2.8 If Area Developer fails, for a period of ten (10) days after notification of non-compliance, to comply with any federal, state or local law or regulation applicable to the operation of the franchise

9.2.9 If Area Developer breaches any obligation under this Agreement or any other agreement between Franchisor and Area Developer that is not by its nature capable of being cured by Area Developer

9.3 **Cross-Default** Any Default by Area Developer, or its Affiliates, under the terms and conditions of this Agreement, or any other agreement between Franchisor, its Affiliates and Area Developer, shall be deemed to be a Default of each and every other such agreement. In the event of the termination of this Agreement for any cause or the termination of any other agreement between Franchisor, its Affiliates and Area Developer or its Affiliates, Franchisor and its Affiliates may, at their option, terminate any or all of such other agreements

9.4 **Notice Required By Law** Notwithstanding anything to the contrary contained in this Article 9, in the event any valid, Applicable Law of a competent Governmental Authority having jurisdiction over this Agreement and the Parties shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the termination thereof

10 INDEMNITY

10.1 **Relationship of Area Developer to Franchisor** It is expressly agreed that the Parties intend by this Agreement to establish between Franchisor and Area Developer the relationship of Franchisor and Area Developer. It is further agreed that Area Developer 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 Area Developer is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. Area Developer agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Area Developer shall be the employees of Area Developer and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's control. Area Developer acknowledges and agrees that Area Developer alone shall exercise day-to-day control over all operations, activities and elements of the Franchised Business, including over Area Developer's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Area Developer further acknowledges and agrees that the various requirements, restrictions,

prohibitions, specifications and procedures of the Fiesta System that Area Developer must comply with under the Franchise Agreements, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Area Developer alone controls, but only constitute standards to which Area Developer must adhere when exercising Area Developer's control over the day-to-day operations of the Franchised Business consistent with the policies 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 to this Agreement of and from any liability of any nature whatsoever by virtue thereof

10 2 **Indemnity by Area Developer** Area Developer hereby agrees to protect, defend and indemnify Franchisor, and all of its past, present and future Owners, Affiliates, officers, directors, employees, attorneys and designees, and hold them harmless from and against any and all costs and expenses, including, without limitation, attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature 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 Area Developer's construction, development or operation of Fiesta Franchised Businesses pursuant to this Agreement, except to the extent caused by intentional acts of Franchisor in breach of this Agreement The terms of this Section 10 2 shall survive the termination, expiration or cancellation of this Agreement

11 GENERAL CONDITIONS AND PROVISIONS

11 1 **No Consequential Damages For Legal Incapacity** Franchisor shall not be liable to Area Developer for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Area Developer by reason of any delay in the delivery of Franchisor's Disclosure Document caused by legal incapacity during the Term, or other conduct not due to the gross negligence or intentional misfeasance of Franchisor

11 2 **Waiver and Delay** No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Area Developer, or by any other area developer, of any of the terms, provisions, or covenants thereof, and no custom or practice by the Parties at variance with the terms of this Agreement, shall constitute a waiver by Franchisor to enforce any such right, option, or power as against Area Developer, or as to a subsequent breach or default by Area Developer Subsequent acceptance by Franchisor of any payments due to Franchisor under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Area Developer of any terms, covenants, or conditions of this Agreement.

11 3 **Survival After Expiration or Termination of Agreement** Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination

11 4 **Successors and Assigns** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Area Developer and his or their respective heirs, executors, administrators and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement

11 5 **Joint and Several Liability** If Area Developer consists of more than one person or Entity, or a combination thereof, the obligations and liabilities of each of such person or Entity to Franchisor are joint and several, and such person(s) or Entities shall be deemed to be general partnership

11 6 **Entire Agreement** This Agreement and the Exhibits incorporated into this Agreement contain all of the terms and conditions agreed upon by the Parties to this Agreement concerning the subject

matter hereof No other agreements concerning the subject matter hereof, written or oral, shall be deemed to exist or to bind any of the Parties to this Agreement and all prior agreements, understandings and representations, are merged into this Agreement and superseded hereby Area Developer represents that there are no contemporaneous agreements or understandings between the Parties relating to the subject matter of this Agreement that are not contained in this Agreement No officer or employee or agent of Franchisor has any authority to make any representation or promise not included in this Agreement or any Disclosure Document for prospective area developers required by Applicable Law, and Area Developer agrees that it has executed this Agreement without reliance upon any such representation or promise Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Area Developer in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Area Developer

11 7 **Amendments** Except as stated in this Agreement, the provisions of this Agreement cannot be amended, supplemented, waived or changed orally, except by a written document signed by the Parties making specific reference to this Agreement

11 8 **Titles for Convenience** Article, Section and paragraph titles used 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.

11 9 **Gender and Construction** The terms of all Exhibits attached to this Agreement are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full in this Agreement 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 Section hereof may require As used in this Agreement, the words 'include,' ' includes' or "including" are used in a non-exclusive sense Unless otherwise expressly provided in this Agreement to the contrary, any consent, approval, acceptance or authorization of Franchisor which Area Developer may be required to obtain under this Agreement may be given or withheld by Franchisor in its sole discretion. To protect the Fiesta System, the Proprietary Marks and the Copyrights and the goodwill associated with the same, on any occasion where Franchisor is required or permitted under this Agreement to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter hereof, whether under any rule of construction or otherwise On the contrary, this Agreement has been independently reviewed by all Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all Parties to this Agreement. Franchisor and Area Developer intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable

11 10 **Severability and Construction** If, for any reason, any section, paragraph, part, term, provision, and/or covenant in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, the same such shall not impair the operation of, or have any other effect upon, such other portions, sections, paragraphs, parts, terms, provisions, and/or covenants of this Agreement and the latter shall continue to be given full force and effect and bind the Parties Neither this Agreement or any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement

11 11 **Fees and Expenses** Should any Party to this Agreement commence any action or proceeding for the purpose of enforcing, or preventing the Default of, any provision hereof, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged Default of any provision hereof, or for a declaration of such Party's rights or obligations under this Agreement, then the

prevailing Party shall be reimbursed by the losing Party for all costs and expenses incurred in connection therewith, including reasonable attorneys' fees for the services rendered to such prevailing Party

11 12 **Notices** All notices or demands shall be in writing and shall be served in person, by Express Mail, by Certified Mail, or by private overnight delivery to the last known address of Franchisor and Area Developer "**Receipt**" shall take place (i) at the time of service, if personally served, (ii) one (1) business day after electronic transmission (with confirmation copy sent by regular United States mail, (iii) twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail, (iv) upon the earlier of actual receipt or three (3) business days after deposit in the United States mail, by Registered or Certified Mail, Return Receipt Requested, properly addressed and postage prepaid, and (v) twenty-four (24) hours after delivery by the Party giving the notice, statement or demand if by private overnight delivery Notices and demands and all changes of address shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party

If to Franchisor

Fiesta Insurance Franchise Corporation
3755 Breakthrough Way, Suite #205
Las Vegas, Nevada 89135
Attention Deane Silke

With a copy (which shall not constitute notice) to

Barry Kurtz, Esq
Lewitt, Hackman, Shapiro, Marshall & Harlan
16633 Ventura Blvd , 11th Floor
Encino, CA 91436
Fax (818) 981-4764

If to Area Developer

_____
_____
_____
Fax _____
Attention _____

11 13 **General** The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Franchisor and Area Developer

12 DISPUTE RESOLUTION

12 1 **Choice of Law** This Agreement shall be interpreted and construed under the laws of the State of Nevada, without regard to the application of Nevada conflict of law rules If, however, any provision of this Agreement would not be enforceable under the law of the State of Nevada and if the Fiesta Franchised Businesses are located outside of Nevada and such provision would be enforceable under the laws of the State in which the Fiesta Franchised Businesses are located, then such provision shall be interpreted and construed under the laws of that State Nothing in this Section 12.1 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulations of any state to which it would not otherwise be subject

12 2 **Venue** Without in any way limiting or otherwise affecting Area Developer's and Franchisor's obligations under Section 12 1, above, Area Developer and Franchisor agree that any litigation shall be held in the United States District Court in Clark County, Nevada If a basis for federal jurisdiction does not exist, then any such proceeding shall be brought exclusively before a state court in Clark County, Nevada Franchisor and Area Developer waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

12 3 **Waivers** With respect to any litigation or other proceeding of any kind, Franchisor and Area Developer (i) knowingly waive all rights to trial by jury, shall pursue any proceeding on an individual basis only, and not on a class-wide or multiple plaintiff basis, provided that if this provision is not enforceable for any reason, then Area Developer and Franchisor agree that with respect to any multiple plaintiff or class action, a court shall supervise the procedural aspects directly related to the multiple plaintiff/class nature of the proceeding (e g certification of the class, appropriateness of class representation, approval of attorney s fees incurred on behalf of the class, approval of any settlement, etc), and the Court shall decide all substantive matters related to the actual claims, including liability and damages, and (ii) hereby waive to the fullest extent permitted by law any right to or claim of 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 their actual damages, if any

12 4 **Non-Exclusivity of Remedy** No right or remedy conferred upon or reserved to Franchisor or Area Developer by this 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 cumulative of every other right or remedy

12 5 **Limitation of Adjudicative Proceedings** Any and all claims and actions arising out of or relating to this Agreement, the relationship of Area Developer and Franchisor, or Area Developer's operation of the Fiesta Franchised Business(es), brought by either Party against the other, shall be commenced within 2 years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred

12 6 **Right to Injunctive Relief** In addition to the foregoing, Franchisor shall have the right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Area Developer's (i) use of the Proprietary Marks and/or Copyrights, (ii) obligations upon termination or expiration of this Agreement, (iii) assignment or proposed assignment of the Fiesta Franchised Business, this Agreement, or any ownership interest in Area Developer, or (iv) actions covered by the provisions of Article 9 Franchisor also shall be able to seek injunctive relief to prohibit any act or omission by Area Developer or its employees that constitutes a violation of any applicable law, is dishonest or misleading to Area Developer's customers or to the public, or which may impair the goodwill associated with the Proprietary Marks and Copyrights, and Area Developer shall pay all costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief

13 AREA DEVELOPER.

13 1 **Entity Information** If Area Developer is an Entity, Area Developer represents and warrants that the information set forth in **Exhibit B** attached to this Agreement is accurate and complete in all material respects Area Developer shall notify Franchisor in writing within ten (10) days of any change in the information set forth in **Exhibit B**, and shall submit to Franchisor a revised **Exhibit B**, which shall be certified by Area Developer as true, correct and complete and upon acceptance thereof by Franchisor shall be attached to this Agreement as **Exhibit B** Area Developer promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Area Developer, including providing copies of all amendments to Area Developer **Entity Documents**" as defined in **Exhibit B** Area Developer shall conduct no business other than the business contemplated under this Agreement and under any currently effective Franchise Agreement between Franchisor and Area Developer The Entity Documents of Area Developer shall recite that the issuance and transfer of any interest in Area Developer is subject to the restrictions set forth in this Agreement and any Franchise Agreement executed pursuant thereto

13 2 **Responsibility** The term "**Area Developer**" as used in this Agreement shall refer to each person executing this Agreement as Area Developer, whether such person is one of the Owners or spouses

of the Owners named as included in Area Developer, and shall apply to each such person as if he were the only named Area Developer in this Agreement.

13 2.1 If Area Developer is a married couple, both husband and wife executing this Agreement shall be liable for all obligations and duties of Area Developer under this Agreement as if such spouse were the sole Area Developer under this Agreement

13 2.2 If Area Developer is a partnership or if more than one person executes this Agreement as Area Developer, each partner or person executing this Agreement shall be liable for all the obligations and duties of Area Developer under this Agreement

13 2.3 If Area Developer is a trust, each trustee, trustor and beneficiary signing this Agreement shall be liable for all of the obligations and duties of Area Developer under this Agreement.

13 2.4 If Area Developer is a corporation or limited liability company, all Owners or members executing this Agreement shall be liable for all obligations and duties of Area Developer under this Agreement as if each Owner was the sole Area Developer under this Agreement

13 2.5 If Area Developer is in breach or default under this Agreement, Franchisor may proceed directly against each such Owner without first proceeding against Area Developer and without proceeding against or naming in such suit any other Area Developer or Owner The obligations of Area Developer and each such Owner shall be joint and several

13 2 6 Notice to or demand upon one Owner shall be deemed notice to or demand upon Area Developer and all Owners, and no notice or demand need be made to or upon all Owners

13 2.7 The cessation of or release from liability of Area Developer, or any Owner shall not relieve any other Area Developer or Owner from liability under this Agreement, except to the extent that the breach or default has been remedied or monies owed have been paid

14 ACKNOWLEDGMENTS

14 1 **General.** Area Developer, and its Owners, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply herewith and be bound hereby Franchisor expressly disclaims making, and Area Developer acknowledges that it or they have not received or relied on any warranty or guarantee, express or implied, as to the potential volume, profits, expenses or success of the business venture contemplated by this Agreement.

14 2 **Independent Investigation** Area Developer acknowledges that Area Developer has conducted an independent investigation of the business franchised under this Agreement, recognizes that the business venture contemplated by this Agreement involves business risks, and that its success will be largely dependent upon the ability of Area Developer and if an Entity, its Owners, as independent businesspersons Franchisor expressly disclaims the making of, and Area Developer acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement

14 3 **Copy of Agreement.** Area Developer acknowledges that it received a copy of this Agreement, the Exhibits attached to this Agreement, and agreements relating to this Agreement, if any, with all of the blank lines therein filled in prior to the date on which this Agreement was executed

14 4 **Opportunity to Consult** Area Developer acknowledges that it has read and understood this Agreement, the Exhibits attached to this Agreement, and agreements relating thereto, if any, and that Franchisor has accorded Area Developer ample time and opportunity to consult with advisors of Area Developer's own choosing about the potential benefits and risks of entering into this Agreement

14 5 **Franchise Disclosure Document.** Area Developer acknowledges that it has received a copy of the complete Franchisor's Franchise Disclosure Document which contains a copy of this Area Development Agreement, at least fourteen (14) calendar days prior to the date on which this Agreement was executed Area Developer acknowledges and agrees that Franchisor has made no promises, representations, warranties or assurances to Area Developer which are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document, concerning the profitability or likelihood of success of the Fiesta Franchised Business at the Franchised Location, that he has been informed by Franchisor that there can be no guarantee of success in the Fiesta Franchised Business and that Area Developer s business ability and aptitude is primary in determining his success

14 6 **Anti-Terrorism Laws** Neither Area Developer nor any of its Owners conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act (**Patriot Act**') and any amendments or successors thereto

14 6 1 Neither Area Developer, any of its Owners nor any employee of either of them is named as a '**Specially Designated Nationals**' or "**Blocked Persons**" as designated by the U S Department of the Treasury s Office of Foreign Assets Control Currently, this list is published under the internet website address "www treas gov/offices/enforcement/ofac/sdn/" Area Developer is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo Nor does Area Developer or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo Area Developer agrees that it will notify Area Developer in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this paragraph incorrect

14 6 2 Area Developer represents that it understands and has been advised by legal counsel on the requirements of the Applicable Laws referred to above, including the United States Foreign Corrupt Practices Act (currently located at www usdoj gov/criminal/fraud/fcpa.html), any local foreign corrupt practices laws and the Patriot Act (currently located at www epic org/privacy/terrorism/hr3162 html), and hereby acknowledges the importance to Area Developer, Fiesta System and the Parties' relationship of their respective compliance with any applicable auditing requirements and any requirement to report or provide access to information to Franchisor or any government, that is made part of any Applicable Law Area Developer shall take all reasonable steps to require its consultants, agents and employees to comply with such laws prior to engaging or employing any such persons

14 7 **Attorneys' Fees** If Franchisor becomes a party to any legal proceedings concerning this Agreement, the Fiesta Franchised Business or the Franchised Location by reason of any act or omission of Area Developer or its authorized representatives, Area Developer shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings, as well as all cost of collection to obtain payment of all sums due from Area Developer to Franchisor under this Agreement, including, without limitation, the costs for collection agency services If either Party commences a legal action against the other Party arising out of or in connection with this Agreement, the prevailing Party shall be entitled to have and recover from the other Party its reasonable attorneys' fees and costs of suit

14 8 **Atypical Arrangements** Area Developer acknowledges and agrees that Franchisor may modify the terms of its Area Development Agreement in any manner and at any time, which offers have or may have terms, conditions, and obligations which may differ from the terms, conditions, and

obligations in this Agreement. Area Developer further acknowledges and agrees that Franchisor has made no warranty or representation that all Area Development Agreements previously issued or issued after this Agreement by Franchisor do or shall contain terms substantially similar to those contained in this Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Area Development Agreements previously executed or executed after the date of this Agreement with other Fiesta Insurance area developers in a non-uniform manner

14 9 **Additional Documents** Each of the Parties shall execute, acknowledge and deliver to the other Party and to procure the execution, acknowledgment and delivery to the other Party of any additional documents or instruments which either Party may reasonably require to fully effectuate and carry out the provisions of this Agreement

14 10 **Exclusive Remedy** In no event shall Area Developer make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement Area Developer waives any such claim for damages Area Developer may not claim any such damages by way of setoff, counterclaim or defense Area Developer's sole remedy for the claim will be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

14 11 **Incorporation of Recitals** The recitals set forth in Paragraph A through Paragraph C of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

14 12 **Counterparts and Electronic Transmission, Electronic Signatures** 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. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement In addition, this Agreement and all Exhibits to this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement and the Exhibits shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first shown above.

FRANCHISOR.

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke

_____
President

AREA DEVELOPER.

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

FIESTA INSURANCE FRANCHISE CORPORATION
AREA DEVELOPMENT AGREEMENT

EXHIBIT A
DEVELOPMENT AREA

FIESTA INSURANCE FRANCHISE CORPORATION
AREA DEVELOPMENT AGREEMENT

EXHIBIT A
DEVELOPMENT AREA AND DEVELOPMENT OBLIGATIONS

	DEVELOPMENT AREA	DEVELOPMENT PERIOD BEGINNING	DEVELOPMENT PERIOD ENDING	CUMULATIVE NUMBER OF FRANCHISED BUSINESSES TO BE IN OPERATION
1				One (1)
2				Two (2)
3				Three (3)

Area Developer shall open all three (3) Fiesta Franchised Business within eighteen (18) months of the Effective Date

IN WITNESS WHEREOF, the Parties hereof have executed this **Exhibit A** as of the date first shown above

FRANCHISOR.

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke

_____
President

AREA DEVELOPER.

_____,
[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

FIESTA INSURANCE FRANCHISE CORPORATION
AREA DEVELOPMENT AGREEMENT

EXHIBIT B
ENTITY INFORMATION

FIESTA INSURANCE FRANCHISE CORPORATION
AREA DEVELOPMENT AGREEMENT

EXHIBIT B
ENTITY INFORMATION

Area Developer represents and warrants that the following information is accurate and complete in all material respects as of _____

(1) Area Developer is a (check as applicable)

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify) _____

State of incorporation/organization _____
Name of Area Developer entity _____

(2) Area Developer shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Regulations, Partnership Agreement, resolutions authorizing the execution hereof and any amendments to the foregoing (' **Entity Documents**)

(3) Area Developer promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Area Developer

(4) The name and address of each of Area Developer s Owners, members, shareholders or general and limited partner

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST (if applicable)

(5) There is set forth below the names, and addresses and titles of Area Developer's principal officers, partners and shareholders who will be devoting their full time to the franchise business

NAME	ADDRESS	TITLE

6) The address where Area Developer s Financial Records and Entity records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc) are maintained is _____

(7) Area Developer represents and warrants to Franchisor, as an inducement to Franchisor's execution of the Area Development Agreement, that the information set forth in this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Area Developer shall provide Franchisor with all additional information Franchisor may request with respect to the Owners and the ownership of Area Developer In addition, Area Developer shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Area Developer to be true, correct and complete in all material respects Franchisor grants Area Developer the rights in this Agreement in reliance upon each and all of the terms of this Entity Information Disclosure

FRANCHISOR

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Deane Silke

_____
President

AREA DEVELOPER.

_____,
[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

FIESTA INSURANCE FRANCHISE CORPORATION
AREA DEVELOPMENT AGREEMENT

EXHIBIT C
GUARANTEE

FIESTA INSURANCE FRANCHISE CORPORATION
AREA DEVELOPMENT AGREEMENT

EXHIBIT C
GUARANTEE

As an inducement to **FIESTA INSURANCE FRANCHISE CORPORATION,** ("**Franchisor**") to execute the Area Development Agreement (the '**Development Agreement**') with _____, a _____ ("**Area Developer**") dated _____, and in consideration of Franchisor's executing the Development Agreement, _____ ('**Guarantor**") agrees as follows

A Guarantor shall pay or cause to be paid to Franchisor all monies payable by Area Developer under the Development Agreement on the days and times in the manner therein appointed for payment thereof

B Guarantor shall unconditionally guarantee full performance and discharge by Area Developer of all the obligations of Area Developer under the Development Agreement at the times and in the manner therein provided

C Guarantor shall indemnify and hold Franchisor and its Affiliates harmless against and from all losses, damages, costs and expenses which Franchisor and its Affiliates may sustain, incur or become liable for by reason of (i) the failure for any reason whatsoever of Area Developer to pay the monies payable pursuant to the Development Agreement or to do and perform any other act, matter or thing pursuant to the provisions of the Development Agreement, or (ii) any act, action or proceeding of or by Franchisor for or in connection with the recovery of monies or the obtaining of performance by Area Developer of any other act, matter or thing pursuant to the provisions of the Development Agreement.

D Franchisor shall not be obligated to proceed against Area Developer or exhaust any security from Area Developer or pursue or exhaust any remedy, including any legal or equitable relief against Area Developer, before proceeding to enforce the obligations of the Guarantor under this Guarantee, and the enforcement of such obligations may take place before, after, or contemporaneously with, enforcement of any debt or obligation of Area Developer under the Development Agreement

E Without affecting the Guarantor's obligations under this Guarantee, Franchisor, without notice to the Guarantor, may extend, modify or release any indebtedness or obligation of Area Developer, or settle, adjust or compromise any claims against Area Developer Guarantor waives notice of amendment of the Development Agreement and notice of demand for payment or performance by Area Developer

F Guarantor's obligations under this Guarantee shall remain in full force and effect, and shall be unaffected by (i) the unenforceability of the Development Agreement against Area Developer, (ii) the termination of any obligations of Area Developer under the Development Agreement by operation of law or otherwise, (iii) the bankruptcy, insolvency, dissolution or other liquidation of Area Developer, including, without limitation, any surrender or disclaimer of the Development Agreement by the trustee in bankruptcy of Area Developer, (iv) Franchisor's consent or acquiescence to any bankruptcy, receivership, insolvency or any other creditor's proceedings of or against Area Developer, or by the winding-up or dissolution of Area Developer, or any other event or occurrence which would have the effect at law of terminating the existence of Area Developer's obligations prior to the termination of the Development Agreement, or (v) by any other agreements or other dealings between Franchisor and Area Developer having the effect of amending or altering the Development Agreement or Area Developer's obligations under this Guarantee, or by any want of notice by Franchisor to Area Developer of any default of Area Developer or by any other matter, thing, act or omission of Franchisor whatsoever

G The provisions of Article 10 of the Development Agreement shall apply as to any interpretation or enforcement of this Guarantee, and the provisions of Section 10 14 of the Development Agreement shall apply to any notice to either Party, except that notice to Guarantor shall be as follows

Names and Addresses

_____
_____
_____

_____
_____
_____

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the day and year set forth below

GUARANTOR

_____ **Date** _____

_____ **Date** _____

EXHIBIT D

TO THE FIESTA INSURANCE FRANCHISE CORPORATION FRANCHISE DISCLOSURE DOCUMENT

SOFTWARE LICENSE AGREEMENT

EXHIBIT D

TO THE FIESTA INSURANCE FRANCHISE CORPORATION
FRANCHISE DISCLOSURE DOCUMENT

POLICY MANAGER CORPORATION
SOFTWARE LICENSE AGREEMENT

POLICY MANAGER CORPORATION
SOFTWARE LICENSE AGREEMENT

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POLICY MANAGER CORPORATION
SOFTWARE LICENSE AGREEMENT

THIS SOFTWARE LICENSE AGREEMENT (this "**Agreement**") is made as of the __ day of _____, 20_ (the "**Effective Date**"), by and between **POLICY MANAGER CORPORATION**, a Nevada corporation ('**PMC**"), on the one hand, and _____ ('**Franchisee**'), on the other hand, with reference to the following facts

A Fiesta Insurance Franchise Corporation, a Delaware corporation ("**Franchisor**"), is in the business of offering franchises to operate insurance agencies which sell insurance policies and other optional business services such as tax preparation services, motor vehicle registration services and travel agency services under the Fiesta trade name and service mark

B Franchisor and Franchisee have entered into a Franchise Agreement (the '**Franchise Agreement**') under which Franchisor has granted Franchisee a license to use the methods, procedures and products developed by Franchisor (the "**System**") to operate a business that will sell insurance policies and offer other optional business services such as tax preparation services, motor vehicle registration services and travel agency services under the Fiesta trade name and service mark (the "**Franchised Business**')

C PMC and Franchisor are affiliated companies One of the products which Franchisee must use in the operation of the Franchised Business is the software package developed and owned by PMC known as Policy Manager (the "**Software**'), which all Fiesta franchisees must use to operate their Franchised Businesses

D PMC and Franchisee desire to enter into this Agreement to grant Franchisee a license to use the Software in connection with Franchisee's operation and management of the Franchised Business (the "**Software License**") on the terms and conditions set forth in this Agreement

NOW, THEREFORE, IT IS AGREED

1 **GRANT OF SOFTWARE LICENSE**

PMC grants to Franchisee, upon the terms and conditions contained in this Agreement, a non-exclusive right to use the Software only in connection with Franchisee's operation of the Franchised Business

2 **TERM OF AGREEMENT**

The term of this Agreement shall commence on the Effective Date and shall expire upon the expiration or termination of the Franchise Agreement whichever shall first occur, unless sooner terminated under the terms of this Agreement

3 **LICENSE FEE**

Franchisee shall pay PMC the sum of $200 per month during each month of the term of this Agreement as a license fee for the use of the Software (the "**License Fee**") Franchisee shall pay PMC the License Fee either by check or by direct debit by PMC against a bank account maintained by Franchisee, as PMC shall determine, in PMC's sole and absolute discretion, and any failure by Franchisee to do so shall be deemed to be a breach of this Agreement Franchisee hereby authorizes PMC to initiate debit entries and/or credit collection entries to Franchisee's designated primary business operating checking or savings account for the payment of the License Fee Franchisee shall not be entitled to set-off the payments of the License Fee against any monetary claim Franchisee may have against PMC

4 **OWNERSHIP OF SOFTWARE**

PMC shall have sole and exclusive ownership of all right, title and interest in and to the Software, all modifications and enhancements of the Software, including all trade secrets and copyrights pertaining thereto, and all rights of every kind and character whatsoever, whether or not those rights are now existing or come into existence hereafter, and whether or not the rights are now known, recognized or contemplated under this Agreement Franchisee represents with respect to the Software that

4 1 Franchisee shall use only the Software in the manner authorized and permitted by this Agreement

4 2 Franchisee shall use the Software only in connection with the operation of the Franchised Business and any unauthorized use thereof shall constitute an infringement Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use the Software for the benefit of anyone else

4 3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or PMC's ownership of, the Software, nor take any other action which may tend to jeopardize PMC's interest therein, or PMC's right to use, and to sub-license others to use, the Software

4 4 Franchisee's use of the Software pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Software other than the Software License granted by this Agreement

4 5 The Software License granted under this Agreement to Franchisee is nonexclusive

5 **TERMINATION OR EXPIRATION**

Upon termination or expiration of this Agreement, all rights granted under this Agreement to Franchisee shall forthwith terminate and Franchisee shall immediately and permanently cease to use the Software Any default by Franchisee under the terms and conditions of this Agreement, or any other agreement between PMC, or its affiliates, including Franchisor and Franchisee, shall be deemed to be a default of each and every other such agreement Franchisee hereby acknowledges that any breach of this Agreement shall be a breach of the Franchise Agreement In the event of the termination of this Agreement for any cause, or the termination of any other agreement between PMC, or its affiliates, and Franchisee, for any cause, PMC may, at its option, terminate this Agreement and/or any or all of such other agreements The termination of this Agreement shall be without prejudice to any other remedy or cause of action which PMC may have against Franchisee to recover damages for any breach hereof Upon termination or the expiration of this Agreement, Franchisee shall immediately deliver to PMC all components of the Software and any confidential information relating to the Software which are in Franchisee's possession, and all copies thereof

6 **ASSIGNMENT**

Franchisee shall not sell, encumber, assign, transfer, convey, pledge, merge, license or give away any direct or indirect interest in this Agreement, the Software or the Software License Any purported assignment or transfer shall be null and void and shall constitute a material breach of this Agreement, for which PMC may immediately terminate this Agreement

7 **INJUNCTIVE RELIEF**

Franchisee acknowledges that failure to comply with the terms of this Agreement will result in irreparable injury to Franchisor and PMC for which no adequate remedy at law may be available, and Franchisee consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by either Franchisor or

PMC in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Agreement

8 WARRANTIES, LIMITATION OF LIABILITY

PMC does not provide any warranties, expressed or implied, including any warrantee of merchantability or fitness for a particular purpose PMC shall not be liable for any loss of profit, loss of business or other financial loss which may be caused by, directly or indirectly, the inadequacy of the Software for any purpose or any use thereof or by any defect or deficiency therein Franchisee acknowledges and agrees that PMC s liability for damages, if any, shall not exceed the charges paid to PMC by Franchisee under this Agreement

9 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

9 1 **Independent Contractor** Franchisee shall be an independent contractor, and nothing in this Agreement is intended to constitute or appoint either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever

9 2 **Indemnification** Franchisee shall indemnify and hold harmless to the fullest extent by law, PMC, its affiliates and their respective directors, officers, employees, shareholders, and agents, (collectively the "**Indemnitees**") from any and all losses and expenses (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with Franchisee's breach or failure to perform any of its representations, warranties, covenants or agreements set forth in this Agreement or with Franchisee s use of the Software (collectively an "**event** For the purpose of this Paragraph 9 2, the term "**losses and expenses**" shall be deemed to include compensatory, exemplary, or punitive damages, fines and penalties, attorneys' fees, experts' fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, compensation for damages to PMC's reputation and goodwill, and all other costs associated with any of the foregoing losses and expenses Franchisee shall give PMC prompt notice of any event of which it is aware, for which indemnification is required, and, at the expense and risk of Franchisee, PMC may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that PMC will seek the advice and counsel of Franchisee Any assumption of PMC shall not modify Franchisee's indemnification obligation PMC may, in its sole judgment, take such actions as it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in PMC's sole judgment, necessary for the protection of the indemnities or the System Franchisee shall defend PMC and each of its affiliates, officers, directors, shareholders, agents, and employees named in any lawsuit based on such loss or expenses and shall pay all costs and reasonable attorney' fees associated with such defense If PMC wishes to retain its own counsel to defend any such action, Franchisee shall reimburse PMC for all reasonable costs and legal fees incurred by PMC for such defense Said reimbursement shall be made to PMC in a timely manner upon demand as such fees are incurred by PMC and billed to Franchisee

9 3 **Third Party Beneficiary** Franchisee acknowledges and agrees that Franchisor is an intended third party beneficiary of this Agreement

10 WAIVERS

No delay, waiver, omission, or forbearance on the part of PMC to exercise any right, option, duty, or power arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants thereof, and no custom or practice by the parties at variance with the terms of this Agreement, shall constitute a waiver by PMC to enforce any such right, option, or power as against Franchisee, or as to a subsequent breach or default by Franchisee Subsequent acceptance by PMC of any payments due to it under this Agreement shall not be deemed to be a waiver by PMC of any preceding or succeeding breach by Franchisee of any terms, covenants, or conditions of this Agreement

11 ENTIRE AGREEMENT, SEVERABILITY AND CONSTRUCTION

11 1 **Entire Agreement** This Agreement, any attachments hereto, and any ancillary agreements between Franchisee and PMC or any affiliate which are executed contemporaneously with this Agreement, constitute the entire and complete Agreement between PMC (and, if applicable, any affiliate) and Franchisee concerning the subject matter thereof, and supersede all prior agreements No amendment, change, or variation from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing

11 2 **Severability and Construction** Except as expressly provided to the contrary herein, each section, paragraph, part, term, and provision of this Agreement shall be considered severable, and if, for any reason, any section, paragraph, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, paragraphs, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and the invalid portions, sections, paragraphs, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement Neither this Agreement or any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise On the contrary, this Agreement has been review by all parties and shall be construed and interpreted according to the ordinary meaning of the words used to fairly accomplish the purposes and intentions of all parties to this Agreement PMC and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable

11 3 **Survival of Obligations After Expiration or Termination** Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination

11 4 **Survival of Modified Provisions** Franchisee expressly 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 of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which PMC is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order

11 5 **Captions** All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement

11 6 **Responsibility** The term "**Franchisee**" as used in this Agreement shall refer to each person executing this Agreement as Franchisee, whether such person is one of the spouses, partners, shareholders, members, trustees, trustors or beneficiaries or persons named as included in Franchisee, and shall apply to each such person as if he were the only named Franchisee in this Agreement

11 6 1 If Franchisee is a married couple, both husband and wife executing this Agreement shall be liable for all obligations and duties of Franchisee under this Agreement as if such spouse were the sole Franchisee under this Agreement

11 6 2 If Franchisee is a partnership or if more than one person executes this Agreement as Franchisee, each partner or person executing this Agreement shall be liable for all the obligations and duties of Franchisee under this Agreement

11 6 3 If Franchisee is a trust, each trustee, trustor and beneficiary signing this Agreement shall be liable for all of the obligations and duties of Franchisee under this Agreement

11 6 4 If Franchisee is a corporation or limited liability company, all shareholders or members executing this Agreement shall be liable for all obligations and duties of Franchisee under this Agreement as if each such shareholder or member were the sole Franchisee under this Agreement

11 6 5 If Franchisee is in breach or default under this Agreement, PMC may proceed directly against each such spouse, partner, signatory to this Agreement, shareholder, member, trustee, trustor or beneficiary without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, partner, signatory to this Agreement, shareholder, member, trustee, trustor or beneficiary The obligations of Franchisee and each such spouse, partner, person executing this Agreement, shareholder, member, trustee, trustor and beneficiary shall be joint and several

11 6 6 Notice to or demand upon one spouse, partner, person signing this Agreement, shareholder, member, trustee, trustor or beneficiary shall be deemed notice to or demand upon Franchisee and all such spouses, partners, persons signing this Agreement, shareholders, members, trustees, trustors and beneficiaries, and no notice or demand need be made to or upon all such Franchisee's, spouses, partners, persons executing this Agreement, shareholders, members, trustees, trustors or beneficiaries

11 6 7 The cessation of or release from liability of Franchisee, or any such spouse, partner, person executing this Agreement, shareholder, member, trustee, trustor or beneficiary shall not relieve any other Franchisee, spouse, partner, person executing this Agreement, shareholder, member, trustee, trustor or beneficiary from liability under this Agreement, except to the extent that the breach or default has been remedied or monies owed have been paid

11 7 **Incorporation of Recitals** The recitals set forth in Paragraphs A through D of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement

12 APPLICABLE LAW

12 1 **Choice of Law** This Agreement shall be interpreted and construed under the laws of the State of Nevada, without regard to the application of Nevada conflict of law rules Nothing in this Section 12 1 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulations of any state to which it would not otherwise be subject

12 2 **Venue** Without in any way limiting or otherwise affecting Franchisee's and PMC s obligations under Section 12 1, above, Franchisee and PMC agree that any litigation shall be held in the United States District Court or Federal Court in Clark County, Nevada If a basis for federal jurisdiction does not exist, then any such proceeding shall be brought exclusively before a state court in Clark County, Nevada PMC and Franchisee waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision

12 3 **Nonexclusivity of Remedy** No right or remedy conferred upon or reserved to PMC or Franchisee by this 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 cumulative of every other right or remedy

13 ACKNOWLEDGMENTS

13 1 **Recognition of Business Risks** Franchisee acknowledges that it has conducted an independent investigation of the proposed franchise, and recognizes that the franchised business venture involves business risks and that its success will be largely dependent upon the ability of Franchisee as an independent business person PMC expressly disclaims the making of, and Franchisee acknowledges that it has not received, any

warranty or guarantee, express or implied, as to the potential sales, income, profits, or success of the franchised business

13 2 **Attorneys' Fees** If PMC becomes a party to any legal proceedings concerning this Agreement, the Franchised Business by reason of any act or omission of Franchisee or its authorized representatives, Franchisee shall be liable to PMC for the reasonable attorneys' fees and court costs incurred by PMC in the legal proceedings If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit

13 3 **Limitation of Adjudicative Proceedings** PMC and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding Any and all claims and actions arising out of or relating to this Agreement brought by any party hereto against the other, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred

13 4 **Trial by Jury** PMC AND FRANCHISEE EACH HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, COUNTERCLAIM OR CROSS-COMPLAINT IN ANY ACTION PROCEEDING AND/OR HEARING BROUGHT BE EITHER PMC OR FRANCHISEE ON ANY MATTER WHATSOEVER ARISING OUT OF, OR IN ANY WAY CONNECTED WITH, THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES, THE USE OF THE SOFTWARE BY FRANCHISEE, OR ANY CLAIM OF INJURY OR DAMAGE, OR THE ENFORCEMENT OF ANY REMEDY UNDER ANY LAW, STATUTE, REGULATION, EMERGENCY OR OTHERWISE, NOW OR HEREAFTER IN EFFECT, TO THE FULLEST EXTENT PERMITTED UNDER LAW

13 5 **Punitive or Exemplary Damages** PMC and Franchisee, and their respective directors, officers, shareholders and guarantors, as applicable, each hereby waive to the fullest extent permitted by law, any right to, or claim for, punitive or exemplary damages against the other and agree that, in the event of a dispute between them, each is limited to recovering only the actual damages proven to have been sustained by it

13 6 **Counterparts and Electronic Copies** 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 Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed an original copy of this Agreement for all purposes, provided that the electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first shown above

POLICY MANAGER CORPORATION

By _____
John Rost, President

_____

FRANCHISEE

_____,
[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

EXHIBIT E

TO THE FIESTA INSURANCE FRANCHISE CORPORATION FRANCHISE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

CALIFORNIA
ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight prior to a solicitation of a proposed material modification of an existing franchise

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov

1 The following language is added to the end of Item 3 of the disclosure document·

Neither we nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark 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, 15 U S C A 78a et seq., suspending or expelling such person from membership in such association or exchange

2 The following paragraphs are added at the end of Item 17 of the disclosure document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void

California Business and Professions Code Sections 20034 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

The Franchise Agreement provides for termination upon bankruptcy This provision may not be enforceable under federal bankruptcy law (11 U S C A Sec 101 et seq.)

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise

The Franchise Agreement contains a liquidated damages clause Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable

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

ILLINOIS
ADDENDUM TO DISCLOSURE DOCUMENT

Section 705/4 of the Illinois Franchise Disclosure Act of 1987 (the ' Act") provides that any provision in the Franchise Agreement which designates venue outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, however, the Agreement may provide for arbitration in a forum outside of Illinois

Notwithstanding the provisions of the Franchise Agreement and the Master Developer Agreement that California law shall govern the Franchise Agreement and the Master Developer Agreement, Illinois law shall apply to and govern any claim between the parties under the Franchise Agreement and the Master Developer Agreement that alleges violation of the Act

The conditions under which your franchise can be terminated and your rights upon renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20

ILLINOIS
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT ("**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____, by and between Fiesta Insurance Franchise Corporation a Delaware corporation, as Franchisor, and _____, as Franchisee Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum

1 Section 705/4 of the Illinois Franchise Disclosure Act of 1987 (the "**Act**") provides that any provision in the Franchise Agreement which designates venue outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, however, the Agreement may provide for arbitration in a forum outside of Illinois

2 Illinois law shall apply to and govern any claim between the parties under the Franchise Agreement that alleges violation of the Act

3 Section 15 3 of the Franchise Agreement is amended by the addition of the following language to the original language that appears therein

"Franchisee has 5 days to cure non-payment of fees (10 days in Illinois), 10 days to cure non-compliance with laws and defaults not listed in Sections 15 1 and 15 2 "

4 Sections 21 1 and 21 7 of the Franchise Agreement are amended to read as follows

"21 1 "**Governing Law** This Agreement shall be interpreted and construed under the laws of Illinois Nothing in this Section 21 1 is intended by the parties to subject this Agreement to any franchise or similar law, rules, or regulation of the State of Illinois to which it would not otherwise be subject."

"21 7 "**Location and Attendees** The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of Illinois "

5 Section 20 1 of the Franchise Agreement shall be deleted in its entirety and replaced with the following language

' 20 1 **Entire Agreement.** This Agreement contains all of 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 to bind any of the parties hereto and all prior agreements, understandings and representations (other than the disclosures set forth in the most recent Franchise Disclosure Document delivered to Franchisee in connection with the execution of this Agreement) are merged herein and superseded hereby, and Franchisee represents that there are no contemporaneous agreements or understandings relating to the subject matter hereof 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 or in any Disclosure Document for prospective franchisees required by Applicable Law, and Franchisee agrees that it has executed this Agreement without reliance upon any such representation or promise This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to

Franchisee in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Franchisee

6 In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail

7 Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

FRANCHISOR.

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Name Deane Silke _____
Its President_____

FRANCHISEE

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

ILLINOIS
ADDENDUM TO AREA DEVELOPER AGREEMENT

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the ' **Area Development Agreement**") dated _____, by and between Fiesta Insurance Franchise Corporation, a Delaware corporation, as Franchisor, and _____, as Area Developer Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Area Development Agreement, the provisions contained in this Addendum shall control Defined terms contained in the Area Development Agreement shall have the identical meanings in this Addendum

1 Section 705/4 of the Illinois Franchise Disclosure Act of 1987 (the "**Act**") provides that any provision in the Area Development Agreement which designates venue outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois, however, the Agreement may provide for arbitration in a forum outside of Illinois

2 Illinois law shall apply to and govern any claim between the parties under the Area Development Agreement that alleges violation of the Act

3 Section 12 6 of the Area Development Agreement are amended to read as follows

12 6 **Venue** Without in any way limiting or otherwise affecting Area Developer's and Franchisor's obligations under Section 12 1, above, Area Developer and Franchisor agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of Illinois '

4 Section 10 2 of the Area Development Agreement is amended by the addition of the following language to the original language that appears therein

"The Illinois Franchise Disclosure Act of 1987, as amended, shall apply to any franchise offered or sold in Illinois, notwithstanding anything to the contrary contained in this Agreement

5 Section 11 6 of the Area Development Agreement shall be deleted in its entirety and replaced with the following language

"19 6 **Entire Agreement** This Agreement contains all of 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 to bind any of the parties hereto and all prior agreements, understandings and representations (other than the disclosures set forth in the most recent Franchise Disclosure Document delivered to Area Developer in connection with the execution of this Agreement) are merged herein and superseded hereby, and Area Developer represents that there are no contemporaneous agreements or understandings relating to the subject matter hereof 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 or in any Disclosure Document for prospective franchisees required by Applicable Law, and Area Developer agrees that it has executed this Agreement without reliance upon any such representation or promise This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Area Developer in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Area Developer

6 In the event of any conflict between the terms of this Addendum and the terms of the Area Development Agreement, the terms of this Addendum shall prevail

7 Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

FRANCHISOR.

FIESTA INSURANCE FRANCHISE CORPORATION

By _____
Name Deane Silke_____
Its President_____

AREA DEVELOPER.

_____,

[ ] an individual,
[ ] a _____ general partnership,
[ ] a _____ limited partnership,
[ ] a _____ limited liability company,
[ ] a _____ corporation

By _____
Its _____, and individually

INDIANA
ADDENDUM TO DISCLOSURE DOCUMENT

1 The risk factors listed on the cover page of the Disclosure Document are void under Indiana law

2 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

a Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation This paragraph does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor

b Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee in the exclusive territory granted the franchisee by the franchise agreement, or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee in a reasonable area

c Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee

d Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee

e 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 Indiana law or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee This paragraph does not apply to arbitration before an independent arbitrator

f Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification A sales contract signed by a private retail consumer shall constitute evidence of each order Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase Price increases caused by conformity to state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this paragraph

g Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith Good cause within the meaning of this paragraph includes any material violation of the franchise agreement

h Permitting the franchisor to fail to renew a franchise without good cause or in bad faith This paragraph shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement

i 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 absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise

j Limiting litigation brought for breach of the agreement in any manner whatsoever A choice of forum or law other than that of Indiana is prohibited

k Requiring the franchisee to participate in any

(i) Advertising campaign or contest,

(ii) Promotional campaigns,

(iii) Promotional materials, or

(iv) Display decorations or materials,

at any expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay

l Requiring a franchisee to enter into an agreement providing the franchisor with any indemnification for liability caused by the franchisee's proper reliance on or use of procedures or materials provided by the franchisor or by the franchisor's negligence

m Requiring a franchisee to enter into an agreement reserving the right to injunctive relief and any specific damages to the franchisor, limiting the remedies available to either party without benefit of appropriate process or recognizing the adequacy or inadequacy of any remedy under the agreement

3 It is unlawful for any franchisor who has entered into any franchise agreement with a franchisee who is either a resident of Indiana or a nonresident operating a franchise in Indiana to engage in any of the following acts and practices in relation to the agreement

a Coercing the franchisee to

(i) Order or accept delivery of any goods, supplies, inventories, or services which are neither necessary to the operation of the franchise, required by the franchise agreement, required by law, nor voluntarily ordered by the franchisee

(ii) Order or accept delivery of any goods offered for sale by the franchisee which includes modifications or accessories which are not included in the base price of those goods as publicly advertised by the franchisor

(iii) Participate in an advertising campaign or contest, any promotional campaign, promotional materials, display decorations, or materials at an expense to the franchisee over and above the maximum percentage of gross monthly sales or the maximum absolute sum required to be spent by the franchisee provided for in the franchise agreement, in the absence of such provision for required advertising expenditures in the franchise agreement, no such participation may be required, or

(iv) Enter into any agreement with the franchisor or any designee of the franchisor, or do any other act prejudicial to the franchisee, by threatening to cancel or fail to renew any agreement between the franchisee and the franchisor Notice in good faith to any franchisee of the franchisee's violation of the terms or provisions of a franchise or agreement does not constitute a violation of this paragraph

b Refusing or failing to deliver in reasonable quantities and within a reasonable time after receipt of an order from a franchisee for any good, supplies, inventories, or services which the franchisor has agreed to supply to the franchisee, unless the failure is caused by acts or caused beyond the control of the franchisor

c Denying the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs, or estate maintains all standards and obligations of the franchise

d Establishing 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 designated, competing unfairly with the franchisee within a reasonable area However, a franchisor shall not be considered to be competing when operating a business either temporarily for a reasonable period of time, or in a bona fide retail operation which is for sale to any qualified independent person at a fair and reasonable price, or in a bona fide relationship in which an independent person has made a significant investment subject to loss in the business operation and can reasonably expect to acquire full ownership of such business on reasonable terms and conditions

e Discriminating unfairly among its franchisees or unreasonably failing or refusing to comply with any terms of a franchise agreement.

f Obtaining money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee

g Increasing prices of goods provided by the franchisor which the franchisee had ordered for retail consumers prior to the franchisee's receipt of a written official price increase notification Price increases caused by conformity to a state or federal law, the revaluation of the United States dollar in the case of foreign-made goods or pursuant to the franchise agreement are not subject to this paragraph

h Using deceptive advertising or engaging in deceptive acts in connection with the franchise or the franchisor's business

4 The franchisee does not waive any right under Indiana statutes with regard to prior representations made in the Indiana Disclosure Document

5 Each provision of the franchise documents which is unlawful pursuant to Indiana's franchise laws is amended to conform with said law

6 Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Indiana law are met independently without reference to this Addendum to Disclosure Document

MICHIGAN
ADDENDUM TO DISCLOSURE DOCUMENT

The following disclosures are required by the State of Michigan.

1 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

Each of the following provisions is void and unenforceable if contained in any documents related to a franchise

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 the Michigan Franchise Investment 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 this 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 and a reasonable opportunity, which will not 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 by 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 The 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 or sub-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 a provision has been made for providing the required contractual services

2 If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000 00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled At the option of the franchisor, a surety bond may be provided in place of escrow

3 THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL Any questions regarding this notice should be direct to

Michigan Department of Commerce
Corporations and Securities Bureau
P O Box 30054
6546 Mercantile Way
Lansing, Michigan 48909
(517) 241-6345

NEW YORK
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows

1 All references made herein to a Disclosure Document shall be amended to Offering Prospectus

2. The following paragraphs are added to the Disclosure Document Cover Page

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE OFFICE OF NEW YORK STATE ATTORNEY GENERAL, INVESTOR PROTECTION BUREAU, FRANCHISE SECTION, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK, 10271-0332.

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS

WE REPRESENT THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT

3 Item 3 **Litigation** is amended by the addition of the following language

Neither the Franchisor, its predecessors, nor any person identified in Item 2, nor an affiliate offering franchises under the Franchisor's principal trademark.

A Has an administrative, criminal or civil action pending against it, him, or her alleging a felony, a violation of franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations 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

B 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, unfair or deceptive practices or comparable allegations

C Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under 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.

4 The following paragraph is added to Item 4 **Bankruptcy**

Except as disclosed above, neither we nor any of our affiliates, predecessors, officers, or general partners have, during the 10-year period immediately before the date of the Disclosure Document (a) filed as debtor (or had filed against it) a petition to start an action under the US Bankruptcy Code, (b) obtained a discharge of its debts under the US Bankruptcy Code, or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the US Bankruptcy Code or that obtained a discharge of its debts under the US Bankruptcy Code during or within 1 year after the officer or general partner of ours held this position in such company or partnership

5 Our choice of law provisions should not be considered a waiver of any right conferred upon either us or upon you by the Franchise Sales Act of New York (New York General Business Law, Article 33)

6 All rights you enjoy and any causes of action arising in your favor from the provisions of the New York General Business Law, Article 33 and the regulations issued under the Law shall remain in force This means that any language in a franchise agreement that says that you waive or surrender your rights under the Act is without effect in New York Any provision purporting to require you to agree to a waiver or estoppel which would relieve a person of his/her legal obligations to you under the Act is unlawful in New York

7 Under New York law, you have the right to terminate the Franchise Agreement if we have committed a substantial breach of the Agreement.

8 In New York, any provision in a Franchise Agreement that grants a franchisor the right to assign the Agreement without the prior approval of a franchisee shall be modified to permit an assignment to an assignee who, in the good faith judgment of the franchisor is willing and able to assume the franchisor's obligations under the Agreement

Franchisor's registered agent in this state authorized to receive service of process

Attention Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231
(518) 473-2492

EXHIBIT F

TO THE FIESTA INSURANCE FRANCHISE CORPORATION FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE COMPLIANCE CERTIFICATE

FIESTA INSURANCE FRANCHISE CORPORATION

FRANCHISE COMPLIANCE CERTIFICATE

As you know, FIESTA INSURANCE FRANCHISE CORPORATION ("**Fiesta**") and you are preparing to enter into a Franchise Agreement for the establishment and operation of a Franchised Business The purpose of this Questionnaire is to determine whether any statements or promises were made to you that Fiesta has not authorized and that may be untrue, inaccurate, or misleading Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1 I had my first face-to-face meeting with a Fiesta representative on _____[date] _____

2 Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

Yes _____No _____

3 Do you understand all of the information contained in the Franchise Agreement, each Addendum and related agreement provided to you?

Yes _____No _____

If no, what parts of the Franchise Agreement, Addendum, and/or related agreement do you not understand?

_____

_____

_____

(Attach additional pages, if necessary)

4 Have you received and personally reviewed Fiesta's Franchise Disclosure Document (' FDD)?

Yes _____No _____

5 Did you sign a receipt for the FDD, indicating the date you received it?

Yes _____No _____

6 Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes _____No _____

If No, what parts of the FDD and/or Addendum do you not understand?

_____

_____

_____

(Attach additional pages, if necessary)

7 Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

8 Do you understand that the success or failure of your Franchised Business 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 _____

9 Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a Franchised Business that is contrary to the information contained in the FDD?

Yes _____No _____

10 Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchised Business that is contrary to the information contained in the FDD?

Yes _____No _____

11 Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue your Franchised Business will or may generate that is contrary to the information contained in the FDD?

Yes _____No _____

12 Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you will or may incur in operating your Franchised Business that is contrary to the information contained in the FDD?

Yes _____No _____

13 Has any employee or other person on our behalf made any statement or promise about Fiesta's affiliated companies other than the information contained in the FDD?

Yes_____ No _____

14 Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____No _____

15 Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support, service, or assistance that we will furnish to you that is contrary to the information contained in the FDD?

Yes _____No _____

16 Have you entered into any binding agreement with us concerning the purchase of this franchise prior to today?

Yes _____No _____

17 Have you paid any money to us concerning the purchase of this franchise prior to today?

Yes _____No _____

18 If you have answered "Yes" to any one of questions 9-17, please provide a full explanation of each "yes" answer in the following blank lines (Attach additional pages, if necessary, and refer to them below)

_____

_____

_____

19 I (We) signed the Franchise Agreement and Addenda (if any) on _____ **[DATE]**, and acknowledge that no Agreement or Addendum is effective until signed and dated by Fiesta.

Please understand that your responses to these questions are important to us and that we will rely on them.

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

FRANCHISE APPLICANT

_____

[SIGNATURE]

_____

[PRINT NAME]

_____

[DATE]

EXHIBIT G

TO THE FIESTA INSURANCE FRANCHISE CORPORATION FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Franchise Office Locations List - Active as of April 30, 2016

Franchisee Name	Address	City	State	Zip Code	Telephone Number
Miguel Flores	139 S 4th Avenue	Yuma	AZ	85364	(928) 783-3322
Daniel Dominguez	105 E Ball Road	Anaheim	CA	92805	(714) 635-0200
Flor Rico	975 S Beach Blvd	Anaheim	CA	92804	(714) 484-2687
Jose Gaytan / Rodolfo Pineda	1894 A Street	Antioch	CA	94509	(925) 755-5000
Jose Gaytan / Rodolfo Pineda	508 E Bellevue Road	Atwater	CA	95301	(209) 357-1212
Javier Garcia	6007-3 Niles Street	Bakersfield	CA	93306	(661) 325-8900
Javier Garcia	4437 Ming Avenue	Bakersfield	CA	93309	(661) 397-3300
Javier Garcia	826 Norris Road	Bakersfield	CA	93308	(661) 384-6100
Oscar Neri / Genevieve Gallardo	1099 3rd Avenue, Suite #2	Chula Vista	CA	91911	(619) 382-3130
Oscar Neri	240 W Shaw Avenue, Suite #104	Clovis	CA	93612	(559) 472-7998
Oscar Neri / Ana Macias	1043 N Mt Vernon Avenue	Colton	CA	92324	(909) 810-2090
Flor Rico	408 S Long Beach Blvd	Compton	CA	90221	(310) 537-9591
Blanca "Cristina" Wentworth	7200 Atlantic Avenue, Suite #C	Cudahy	CA	90201	(323) 999-5617
Ysmael Perez	1704 High Street	Delano	CA	93215	(661) 721-9596
Oscar Neri	450 W El Monte Way, Suite #D	Dinuba	CA	93618	(559) 591-8100
Angelica Pineda	11912 Garvey Avenue	El Monte	CA	91732	(626) 443-5300
Oscar Neri	1574 N Blackstone Avenue, Suite #108	Fresno	CA	93703	(559) 234-2300
Oscar Neri	4229 E Tulare Avenue	Fresno	CA	93702	(559) 420-1299
Oscar Neri	4919 N Blackstone Avenue	Fresno	CA	93726	(559) 549-9511
Oscar Neri	1453 W Shields Avenue	Fresno	CA	93705	(559) 385-2525
Oscar Neri	3759 W Shaw Avenue, Suite #102	Fresno	CA	93711	(559) 825-8115
Oscar Neri	4125 E Ventura Avenue, Suite #105	Fresno	CA	93702	(559) 418-5770
Barbara Rubio	751 1st Street, Suite #A	Gilroy	CA	95020	(408) 847-1200
Fabian Medina	1210 S Glendale Avenue	Glendale	CA	91205	(818) 396-4442
Oscar Neri	568 N 11th Avenue	Hanford	CA	93230	(559) 415-6979
Miguel Molina	214 Harder Road, Suite #C	Hayward	CA	94544	(510) 538-5600
Jose Gaytan / Rudolfo Pineda	219 San Benito Street	Hollister	CA	95023	(831) 665-6660
Miguel Molina / Ali Vasquez	82182 US Highway 111	Indio	CA	92201	(760) 775-1703
Oscar Neri	198 N Madera Avenue, Suite #B	Kerman	CA	93630	(559) 851-4110
Alojz Antony Koscak	319 W La Habra Blvd	La Habra	CA	90631	(562) 250-5000
Delfino Grajeda / Alexis Felix-Quintero	13732 Amar Road	La Puente	CA	91746	(626) 598-4281
Manginder Binning	726 N H Street	Lompoc	CA	93436	(805) 944-1012
Angelica Rico	2340 E Pacific Coast Highway	Long Beach	CA	90804	(562) 597-5393
Anthony Orwig	3959 Wilshire Blvd , Suite #A-7	Los Angeles	CA	90010	(323) 331-3172
Anthony Orwig	611 E Imperial Highway, Suite #102	Los Angeles	CA	90059	(323) 776-1096
Oscar Neri	1060 E Pacheco Blvd , Suite #B	Los Banos	CA	93635	(209) 710-5700

Franchise Office Locations List - Active as of April 30, 2016

Flor Rico	10909 Atlantic Avenue Suite #1	Lynwood	CA	90262	(310) 635-0000
Angelica Rico	11035 Long Beach Blvd , Suite #4	Lynwood	CA	90262	(310) 885-1483
Oscar Neri	212 E Yosemite Avenue	Madera	CA	93638	(559) 664-8800
Rosario Contreras	290 N Main Street, Suite #D	Manteca	CA	95336	(209) 275-1660
Eduardo Navarro	3365 Middlefield Road	Menlo Park	CA	94025	(650) 369-4388
Jose Gaytan / Rudolfo Pineda	1210 W 16th Street	Merced	CA	95340	(209) 383-9500
Oscar Barcelo	950 Oakdale Road, Suite #L	Modesto	CA	95355	(209) 529-2211
Oscar Barcelo	1940 Crows Landing Road, Suite #12	Modesto	CA	95358	(209) 529-5500
Jose Gaytan / Rodolfo Pineda	1460 Mitchell Road, Suite #B	Modesto	CA	95351	(209) 272-1430
Jose Gaytan / Rodolfo Pineda	700 McHenry Avenue, Suite #E	Modesto	CA	95350	(209) 568-4191
Oscar Neri / Ana Macias	24853 Alessandro Blvd , Suite #6	Moreno Valley	CA	92553	(909) 693-4009
Oscar Neri / Genevieve Gallardo	640 Highland Avenue, Suite #A	National City	CA	91950	(619) 273-3770
Angel Olvera / Phillip Olvera	15345-1/2 Parthenia Street	North Hills	CA	91343	(818) 643-7106
Eduardo Navarro	4102 International Blvd	Oakland	CA	94601	(510) 261-1300
Eduardo Navarro	1499 Fruitvale Avenue	Oakland	CA	94601	(510) 210-1269
Delfino Grajeda / Alexis Felix-Quintero	2213 S Mountain Avenue	Ontario	CA	91762	(909) 458-0432
Manginder Binning	2825 Saviers Road	Oxnard	CA	93033	(805) 486-7000
Manginder Binning	2550 E Vineyard Avenue, Suite #150	Oxnard	CA	93036	(805) 485-4777
Sandra Franco	13337 Van Nuys Blvd , Suite #A	Pacoima	CA	91331	(818) 899-9800
Oscar Neri	885 E Manning Avenue, Suite #300	Parlier	CA	93648	(559) 257-1500
Andres Jarero / Paul Melgoza	106 E Las Palmas Avenue, Suite #F	Patterson	CA	95363	(209) 894-7269
Jose Gaytan / Rodolfo Pineda	2110 Railroad Avenue, Suite #120	Pittsburg	CA	94565	(925) 439-1705
Delfino Grajeda / Alexis Felix-Quintero	814 E Mission Blvd	Pomona	CA	91766	(909) 509-5940
Javier Garcia	621 W Olive Avenue	Porterville	CA	93257	(559) 788-0540
Oscar Neri	1077 W Manning Avenue	Reedley	CA	93654	(559) 638-7400
Jose Gaytan / Rodolfo Pineda	12816 San Pablo Avenue	Richmond	CA	94805	(510) 860-4939
Teresa Barajas	5634 Van Buren Blvd	Riverside	CA	92503	(951) 354-7800
Miguel Molina	6260 Mack Road	Sacramento	CA	95823	(916) 392-1327
Miguel Molina	2702 Northgate Blvd	Sacramento	CA	95833	(916) 229-6290
Frank Magana	626 Williams Road, Suite #B	Salinas	CA	93905	(831) 754-4448
Frank Magana	554 E Alisal Street	Salinas	CA	93905	(831) 424-1000
Frank Magana	1035 N Main Street	Salinas	CA	93906	(831) 216-1144
Oscar Neri / Ana Macias	297 E Highland Avenue, Unit #B	San Bernardino	CA	92404	(909) 237-8033
Alex Gonzalez	4153 University Avenue, Suite #A	San Diego	CA	92105	(619) 284-4888
Oscar Neri / Genevieve Gallardo	5081 Logan Avenue, Suite #100	San Diego	CA	92113	(619) 419-0059
Angel Olvera / Phillip Olvera	77 N Maclay Avenue, Suite #A	San Fernando	CA	91340	(818) 741-2278

Franchise Office Locations List - Active as of April 30, 2016

Miguel Molina	32 S White Road, Suite #A	San Jose	CA	95127	(408) 929-5600
Miguel Molina	461 S Capitol Avenue, Suite #18	San Jose	CA	95127	(408) 770-9428
Miguel Molina	283 Willow Street	San Jose	CA	95110	(408) 357-9556
Anita Ledesma	17725 Hesperian Blvd	San Lorenzo	CA	94580	(510) 481-1773
Robert Martin	175 Rancho Santa Fe Road	San Marcos	CA	92078	(760) 761-0980
Oscar Neri	2407 Jensen Avenue, Suite #103	Sanger	CA	93657	(559) 618-4199
Flor Rico	2130 S Bristol Street, Suite #C	Santa Ana	CA	92704	(714) 754-5444
Jose Aranda / Rosa Laguna	1714 E McFadden Avenue, Suite #P	Santa Ana	CA	92705	(714) 884-4284
Flor Rico	1700 E 17th Street, Suite #A	Santa Ana	CA	92705	(714) 567-0077
Oscar Neri	23367 Lyons Avenue	Santa Clarita	CA	91355	(661) 287-9195
Manginder Binning	1523 S Broadway, Suite #A&B	Santa Maria	CA	93454	(805) 991-4200
Fawzi Sood	1115 W Main Street, Suite #F	Santa Maria	CA	93458	(805) 888-8881
Miguel Molina / Ali Vasquez	500 Sebastopol Road, Suite #C	Santa Rosa	CA	95407	(707) 545-7803
Frank Magana	1776 Fremont Blvd , Suite #A	Seaside	CA	93955	(831) 394-5500
Oscar Neri	2660 Whitson Street, Suite #102	Selma	CA	93662	(559) 891-1300
Frank Magana	887 Front Street	Soledad	CA	93960	(831) 678-4600
Rosario Contreras	1330 S El Dorado Street, Suite #B	Stockton	CA	95206	(209) 463-2033
Rosario Contreras	3410 E Main Street	Stockton	CA	95205	(209) 208-5800
Oscar Neri / Teresa Lagunas	13060 Glenoaks Blvd , Suite #110	Sylmar	CA	91342	(818) 213-2211
Rosario Contreras	1260 W 11th Street	Tracy	CA	95376	(209) 831-9040
Javier Garcia	1231 N Cherry Street	Tulare	CA	93274	(559) 688-1065
Jose Gaytan / Rodolfo Pineda	2713 Geer Road	Turlock	CA	95382	(209) 262-1838
Fabian Medina	7247 Van Nuys Blvd	Van Nuys	CA	91405	(818) 933-5480
William Lopez	1661 E Noble Avenue	Visalia	CA	93292	(559) 625-6701
Javier Garcia	3000 N Dinuba Blvd , Suite #E	Visalia	CA	93291	(559) 733-0500
Oscar Neri	1418 S Mooney Blvd	Visalia	CA	93277	(559) 334-3636
Jesus & Esmeralda Torres	925 E Vista Way	Vista	CA	92084	(760) 724-2886
Ysmael Perez	2345 Highway 46, Suite #A	Wasco	CA	93280	(661) 766-4959
Frank Magana	1439 Freedom Blvd	Watsonville	CA	95076	(831) 768-0390
Flor Rico	15070 Goldenwest Street, Suite #6	Westminster	CA	92683	(714) 379-0222
Miguel Molina	70 W Court Street, Suite #A	Woodland	CA	95695	(530) 723-7920
Nidia Gomez	720 Peoria Street, Suite #720	Aurora	CO	80011	(303) 577-0055
Zefenno Sanchez	2400 E 88th Avenue, Suite #F	Denver	CO	80229	(303) 288-2196
Jude Michel	1670 W Hillsboro Blvd	Deerfield Beach	FL	33442	(954) 482-0226
Daniel Reed / Sandra Parra	4115 Palm Beach Blvd	Fort Myers	FL	33916	(239) 288-7440
Jose Avila	12575 S Cleveland Avenue, Unit #2	Fort Myers	FL	33907	(239) 313-6560
Jane Villamil	6500 W 4th Avenue, Suite #35	Hialeah	FL	33012	(305) 827-2696
Hector Espinoza	5818 W 20th Avenue, Suite #A	Hialeah	FL	33016	(786) 420-2877
Monir Hossain	2360 N Dixie Highway	Hollywood	FL	33020	(754) 400-8366
Dinah Joseph / Oswaldo Siverio	2607 Simpson Road	Kissimmee	FL	34744	(407) 962-0562
Fiona Chevannes	4624 Lake Worth Road, Suite #B	Lake Worth	FL	33463	(561) 331-8269

Franchise Office Locations List - Active as of April 30, 2016

Solange D'or	5264 N University Drive	Lauderhill	FL	33351	(954) 835-5134
Daniel Reed / Sandra Parra	1111 Homestead Road N , Unit #24	Lehigh Acres	FL	33936	(239) 368-6500
Alistair & Kristine Varlack	1687 S State Road 7	North Lauderdale	FL	33068	(954) 621-1457
Emily Hernandez	5425 S Semoran Blvd , Suite #2	Orlando	FL	32827	(407) 208-0007
Aaron Al-Birekdar / Lowell Cliatt / James Swanson	1418 N Semoran Blvd , Suite #118	Orlando	FL	32807	(407) 745-4164
Edgar Duran	2930 Forest Hill Blvd Unit #B	Palm Springs	FL	33406	(561) 623-0078
Frank Marcelin	8359 Pines Blvd	Pembroke Pines	FL	33024	(954) 435-4599
Alice Olodude	7441 US Highway 301 South, Suite #102	Riverview	FL	33578	(813) 671-0630
Sandra Bo,io	1130 S Military Trail	West Palm Beach	FL	33415	(561) 328-7715
Jimmy Holt	4433 Avenue of the Cities	Moline	IL	61265	(309) 277-3459
Franklin Castillo	6442 Michigan Avenue	Detroit	MI	48210	(313) 285-9042
Franklin Castillo	2019 Fort Street	Lincoln Park	MI	48146	(313) 791-7032
Kristian & Chris Ornelas	2529 San Mateo Blvd NE, Suite #5	Albuquerque	NM	87110	(505) 884-2529
Kristian & Chris Ornelas	5401 Central Avenue NW, Suite #C	Albuquerque	NM	87105	(505) 352-5401
Tanzeel Rehman	90-19 Rockaway Blvd	Ozone Park	NY	11416	(718) 777-1880
John Cicero / Daniel Venditto	348 Hempstead Turnpike	West Hempstead	NY	11552	(516) 280-4170
Jessica Miranda	1238 W Kemper Road	Cincinnati	OH	45240	(513) 648-9555
Jessica Miranda	8373 Colerain Avenue, Suite #A	Cincinnati	OH	45239	(513) 954-0436
Janice Bailey	2541 Route 611, Suite #1	Scotrun	PA	18355	(570) 730-4959
Stephanie & Eduardo Galué	1135 Bell Road, Suite #310	Antioch	TN	37013	(615) 432-2093
Rosa Martinez	1012 N Main Street	Boerne	TX	78006	(830) 816-5118
Keyla Maradiaga	1609 E Price Road	Brownsville	TX	78521	(956) 544-5000
Ervin Powers	2131 E Ledbetter Drive, Suite #100	Dallas	TX	75216	(214) 396-5112
Eduardo Arturo Chavez / Milagro Aurelia Chavez	428 E Jefferson Blvd , Suite #117	Dallas	TX	75203	(214) 943-2110
Matthew Aulsbrook	4448 W Jefferson Blvd , Suite #308	Dallas	TX	75211	(214) 330-7800
Eduardo Arturo Chavez / Milagro Aurelia Chavez	2914 Valley View Lane, Suite #100	Farmers Branch	TX	75234	(972) 584-1662
Matthew Aulsbrook	4200 South Freeway, Suite #13	Fort Worth	TX	76115	(817) 923-8400
Matthew Aulsbrook	6400 McCart Avenue, Suite #100	Fort Worth	TX	76133	(817) 768-3405
Marisela Miranda	6710 Camp Bowie Blvd	Fort Worth	TX	76116	(817) 259-0364
Eduardo Arturo Chavez / Milagro Aurelia Chavez	6565 Duck Creek Drive	Garland	TX	75043	(469) 304-2430
Aaron Cichy / Andrea Bond	1420 N Story Road	Irving	TX	75061	(972) 514-1527
Aaron Cichy / Andrea Bond	2940 N Belt Line Road	Irving	TX	75062	(972) 957-7520
Rosa Martinez	326 Francisco Lemos Street, Suite #3	Kerrville	TX	78028	(830) 896-3349
Rahim Dhanani	1422 S Highway 121	Lewisville	TX	75067	(469) 293-3636

Franchise Office Locations List - Active as of April 30, 2016

Keyla Maradiaga	1919 N 10th Street	McAllen	TX	78501	(956) 322-4939
Jorge Vargas	507 W Nash Street	Terrell	TX	75160	(972) 563-3006

Franchise Office Locations List - Transferred

Address	City	State	Zip Code	Phone Number	Fax Number	Original Franchisee Name
82182 US Highway 111	Indio	CA	92201	(760) 775-1703	(760) 775-1723	Ysmael Perez
13732 Amar Road	La Puente	CA	91746	(626) 598-4281	(626) 598-4284	Adelina Valdez / Victor Valdez
11035 Long Beach Blvd Suite #4	Lynwood	CA	90262	(310) 885-1483	(310) 885-1486	Victor Sanchez / Gustavo Sanchez / Marivel Diaz
24853 Alessandro Blvd , Suite #6	Moreno Valley	CA	92553	(909) 693-4009	(909) 693-4007	Angelica Rico
2550 E Vineyard Avenue, Suite #150	Oxnard	CA	93036	(805) 485-4777	(805) 485-6282	Maribel Almaguer / Adriana Rangel
5634 Van Buren Blvd	Riverside	CA	92503	(951) 354-7800	(951) 354-7807	Anthony Orwig
1130 S Military Trail	West Palm Beach	FL	33415	(561) 328-7715	(561) 328-7718	Alistair & Kristine Varlack
702 N Bicentennial Blvd Suite #300	McAllen	TX	78501	(956) 618-1241	(888) 820-7725	Karol Cornejo / Rosendo Almaraz Jr

Franchise Office Locations List - Terminated (Dates of Opening

Address	City	State	Zip Code	Phone Number	Fax Number	Franchisee Name
4840 N 83rd Avenue Suite #5	Phoenix	AZ	85033	(623) 245-1146	(623) 245-1149	Naomi Briones
2146 E Lincoln Avenue	Anaheim	CA	92806	(714) 598-1307	(714) 598-1308	Hamid Moghadam
440 W 19th Street	Costa Mesa	CA	92627	(949) 392-8671	(949) 392-8654	Jim Barker
7938 W Vernor Highway	Detroit	MI	48209	(313) 842-0158	(313) 842-2364	Miguel Garza
35-37 A Junction Blvd	Corona	NY	11368	(718) 205-8940	(718) 424-5010	Cecille Lampa

EXHIBIT H

TO THE FIESTA INSURANCE FRANCHISE CORPORATION FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

MARTINI IOSUE & AKPOVI LLP

CERTIFIED PUBLIC ACCOUNTANTS

Fiesta Insurance Franchise Corporation

Financial Statements and Independent Auditors' Report

April 30, 2016 and 2015

MARTINI IOSUE & AKPOVI LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Fiesta Insurance Franchise Corporation
Las Vegas, Nevada

We have audited the accompanying financial statements of Fiesta Insurance Franchise Corporation (the "Company"), which comprise the balance sheets as of April 30, 2016 and 2015, the related statements of income, stockholders' 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

Auditors' 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 of 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 auditors' 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 auditors consider internal control relevant to the Company'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 Company'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 opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fiesta Insurance Franchise Corporation as of April 30, 2016 and 2015, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Martini Iosue & Akpovi, LLP

Encino, California

July 29, 2016

16830 Ventura Blvd , Suite 415
Encino, CA 91436 1707
T 818.789 1179 F 818.789.1162
mia@miacpas com
www.miacpas.com

Members of California Society of Certified Public Accountants & American Institute of Certified Public Accountants

Fiesta Insurance Franchise Corporation
Financial Statements
April 30, 2016 and 2015

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Fiesta Insurance Franchise Corporation
Balance Sheets
April 30, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 1,291,722	$ 1,120,516
Restricted cash	172,674	249,868
Funds held in trust	762,908	599,139
Accounts receivable, net	1,658,220	1,054,594
Due from stockholder	2,279,680	812,229
Prepaid expenses and other current assets	87,741	78,370
Current portion of notes receivable	199,050	162,583
Total Current Assets	6,451,995	4,077,299
Equipment and leasehold improvements, net	49,896	53,476
Notes receivable, net of current portion	192,020	142,710
Pre-publication and productions costs, net	88,860	111,548
Deposits	30,576	43,159
Total Assets	$ 6,813,347	$ 4,428,192
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 584,755	$ 537,174
Funds held in trust for customers	762,908	599,139
Commissions payable	2,216,146	1,788,867
Deferred revenues	40,000	20,000
Current portion of note payable to stockholder	7,141	26,871
Current portion of notes payable	174,606	160,219
Total Current Liabilities	3,785,556	3,132,270
Note payable to stockholder, net of current portion	-	7,121
Notes payable, net of current portion	774,329	273,430
Total Liabilities	4,559,885	3,412,821
Commitments and Contingencies		
Stockholders' Equity		
Common stock, $0 01 par value, 100,000 shares authorized, 1,121 shares issued and outstanding	12	12
Retained earnings	2,253,450	1,015,359
Total Stockholders' Equity	2,253,462	1,015,371
Total Liabilities and Stockholders' Equity	$ 6,813,347	$ 4,428,192

The Accompanying Notes are an Integral Part of These Financial Statements

Fiesta Insurance Franchise Corporation
Statements of Income
For the Years Ended April 30, 2016 and 2015

	2016	2015
Revenue		
Gross commissions	$ 16,302,116	$ 12,544,900
Gross tax preparation fees	2,476,820	2,064,602
Gross ancillary fees	1,942,898	1,644,964
Gross franchise fees	292,500	392,000
Gross Revenues	21,014,334	16,646,466
Commissions and fees paid out	14,582,679	11,277,071
Net Revenues	6,431,655	5,369,395
Operating Expenses	4,459,399	3,862,816
Income from Operations	1,972,256	1,506,579
Other Expense		
Loss on disposal of equipment and leasehold improvements	11,283	-
Interest expense, net	105,694	56,514
Total Other Expense	116,977	56,514
Income before Provision for State Income Taxes	1,855,279	1,450,065
Provision for State Income Taxes	12	16,774
Net Income	$ 1,855,267	$ 1,433,291

The Accompanying Notes are an Integral Part of These Financial Statements

Fiesta Insurance Franchise Corporation
Statements of Stockholders' Equity
For the Years Ended April 30, 2016 and 2015

	Common Stock		Retained Earnings	Total Stockholders' Equity
	Shares	Amount		
Balances at April 30, 2014	1,121	$ 12	$ 97,355	$ 97,367
Distributions	-	-	(515,287)	(515,287)
Net income	-	-	1,433 291	1,433,291
Balances at April 30, 2015	1,121	12	1,015,359	1,015,371
Distributions	-	-	(617,176)	(617,176)
Net income	-	-	1,855,267	1,855,267
Balances at April 30, 2016	1,121	$ 12	$ 2,253,450	$ 2,253,462

The Accompanying Notes are an Integral Part of These Financial Statements

Fiesta Insurance Franchise Corporation
Statements of Cash Flows
For the Years Ended April 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Net income	$ 1,855,267	$ 1,433,291
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	29,250	51,470
Amortization of pre-publication and production costs	22,688	22,687
Loss on disposal of equipment and leasehold improvements	11,283	-
Allowance for doubtful accounts	(9,482)	-
Changes in assets and liabilities		
Funds held in trust	(163,769)	(51,665)
Accounts receivable	(594,144)	(45,715)
Due from related party	-	17,610
Prepaid expenses and other current assets	(9,371)	(34,161)
Notes receivable	(85,777)	(87,990)
Deposits	12,583	(23,192)
Accounts payable and accrued liabilities	47,581	254,432
Funds held in trust for customers	163,769	51,665
Commissions payable	427,279	348,746
Deferred revenues	20,000	(150,000)
Net Cash Provided by Operating Activities	1,727,157	1,787,178
Cash Flows from Investing Activities		
Restricted cash	77,194	(204,868)
Purchase of equipment and leasehold improvements	(36,953)	(19,709)
Net Cash Provided (Used) by Investing Activities	40,241	(224,577)
Cash Flows from Financing Activities		
Net advances to stockholder	(1,467,451)	(736,325)
Payments on note payable to stockholder	(26,851)	(24,304)
Payments on notes payable	(181,415)	(84,295)
Borrowings on notes payable	696,701	75,300
Stockholder distributions	(617,176)	(515,287)
Net Cash Used by Financing Activities	(1,596,192)	(1,284,911)
Net Increase in Cash and Cash Equivalents	171,206	277,690
Cash and Cash Equivalents, Beginning of Year	1,120,516	842,826
Cash and Cash Equivalents, End of Year	$ 1,291,722	$ 1,120,516

The Accompanying Notes are an Integral Part of These Financial Statements

Fiesta Insurance Franchise Corporation
Statements of Cash Flows (continued)
For the Years Ended April 30, 2016 and 2015

Supplemental Disclosure of Cash Flow Information

Cash Paid During the Year for		
Interest	$ 145,092	$ 79,245
Income taxes	$ 12	$ 5,774

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

Fiesta Insurance Franchise Corporation
Notes to Financial Statements
April 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies

Description of Business

Fiesta Insurance Franchise Corporation (the "Company") was incorporated in Delaware on March 31, 2006 The Company's headquarters are located in Las Vegas, Nevada The Company was organized to sell franchises for the right to own and operate independent Fiesta Auto Insurance Agencies in various states throughout the country These franchised agencies will sell property and casualty insurance and may offer other ancillary business services such as tax preparation services, motor vehicle registration services and travel agency services under the "Fiesta" trade name and service mark The Company sold 19 and 26 individual franchise licenses during the years ended April 30, 2016 and 2015, respectively There were 5 and 17 franchise closures during the years ended April 30, 2016 and 2015, respectively As of April 30, 2016, there were 149 franchises in operation, none of which were owned by the Company As of April 30, 2015, there were 128 franchises in operation, none of which were owned by the Company

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes Significant estimates and assumptions made by management are used for, but not limited to, the allowance for doubtful accounts and the estimated useful lives of long-lived assets Actual results could differ from those estimates

Fair Value of Financial Instruments

Unless otherwise specified, management believes the carrying value of financial instruments approximates their fair value

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with maturities of three months or less at the time of purchase to be cash equivalents The Company also maintains cash in bank deposit accounts which, at times, may exceed federally insured limits The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss on cash and cash equivalents

Restricted Cash

The Company established an advertising fund to collect and administer funds contributed for use in advertising and promotional programs, which are designed to increase sales at the franchise operation level and enhance the reputation of the Company and its franchise owners Contributions to the advertising fund are required for all stores located in California Expenditures of the advertising fund are primarily amounts paid to third-parties

Note 1 - Summary of Significant Accounting Policies (continued)

Restricted Cash (continued)

At each reporting date, to the extent contributions to the advertising fund exceed expenditures on a cumulative basis, the excess contributions are accounted for as a liability and are recorded in accounts payable and accrued liabilities in the Company's balance sheet. Restricted cash consisted of the following

	2016	2015
Advertising fund liability	$ 249,868	$ 45,000
Contributions during the year	1,151,500	967,354
Expenditures during the year	(1,228,694)	(762,486)
Advertising fund liability	$ 172,674	$ 249,868

Funds Held in Trust

Funds held in trust consist of insurance premiums collected on behalf of customers of the Company's franchisees These funds are held in segregated accounts and are remitted to the respective insurance providers on behalf of customers Funds held in trust and their offsetting liability, funds held in trust for customers, are presented separately for financial statement presentation purposes

Accounts Receivable

Accounts receivable are recognized when insurance policies are sold in accordance with the respective commission agreement and when other ancillary fees are earned from franchisees Management records an estimate for doubtful accounts when deemed appropriate Management determines the allowance for doubtful accounts by regularly evaluating individual receivables and considering the insurance provider or franchisee's financial condition and credit history and current economic conditions Management determined that a reserve of $2,462 and $11,944 was necessary at April 30, 2016 and 2015, respectively Accounts receivable are written off when deemed uncollectible Recoveries of accounts receivable previously written off are recorded as income when received Management determines the past due status of accounts receivables based on contractual terms with each customer Interest is not charged on past due franchisee accounts

Notes Receivable

The Company provides financing to franchisees for the purchase of franchises Notes receivable are collateralized by the underlying franchise and are guaranteed by the owners of the respective entity The debtors' ability to repay the notes is dependent upon both the performance of the industry as a whole and performance of the industry in the individual franchisee areas Notes receivable are recorded net of an allowance for doubtful accounts Notes are written off against the allowance when all possible means of collection have been exhausted and the potential for recovery is considered remote At April 30, 2016 and 2015, management determined that no such allowances were necessary

Note 1 - Summary of Significant Accounting Policies (continued)

Marketing Product Inventories

Marketing product inventories, consisting of various marketing materials, are stated at the lower of cost or market Cost is determined on a first-in, first-out basis At April 30, 2016 and 2015, the amount of marketing product inventories was $72,213 and $54,746, respectively These amounts are included in prepaid expenses and other current assets in the accompanying balance sheets

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to five years Leasehold improvements are amortized over the shorter of their estimated useful lives or respective lease term Upon the disposition of an asset, its accumulated depreciation is deducted from the original cost, and any gain or loss is reflected in current earnings Repairs and maintenance that do not enhance the use or extend the life of equipment and leasehold improvements are expensed as incurred

Pre-Publication and Productions Costs

The Company capitalizes the editorial and other costs incurred in the creation of the master copy of books or other media Pre-publication and production costs are amortized on a straight-line basis over a seven year period based on expected future revenues The Company regularly reviews the recoverability of the capitalized costs based on expected future revenues

Impairment of Long Lived Assets

The Company reviews its long-lived assets whenever events or circumstances indicate that the carrying amounts of such assets may not be recoverable Impairment is evaluated by comparing the carrying value of the assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date for the amount by which the carrying amount of the asset exceeds its fair value Management has determined that no impairment currently exists

Revenue Recognition

The Company recognizes initial franchise fees, which are nonrefundable, as income when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied by the Company Area development fees are recorded within gross franchise fees, are nonrefundable and are recognized as income when the conditions for revenue recognition under the individual area development agreements are met Both initial franchise fees and area development fees are generally recognized upon the opening of a franchise or upon termination of the agreement between the Company and the franchisee In cases where the Company receives a note receivable for the franchise fee, and collectability is not reasonably assured, the Company defers recognition of such revenue until the cash is collected

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

The Company earns commission on insurance policies sold by franchisees in the period sold All payments received for insurance policies sold are initially collected by the Company During the period following initial cash collection, the Company remits the amount due to the franchisee for their portion of commissions earned Franchisees earn commission at varying rates in accordance with their respective franchise agreements The Company then retains its portion of commissions, which is usually earned at rates ranging from 20% to 25% of gross insurance commissions

The Company receives fees for other business services provided by franchisees such as tax preparation services, motor vehicle registration and travel agency services Revenues for such fees are recognized as the services are provided by the franchisee Similar to commission revenues, the Company collects payments for all services provided and then remits the amount due to the franchisee for their portion of fees earned as determined by the respective franchise agreement The Company earns its fees at varying amounts based on the service provided by the franchisee

Advertising Costs

Advertising costs are expensed as incurred Advertising expense was $108,111 and $284,493 for the years ended April 30, 2016 and 2015, respectively

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code, whereby the Company does not pay federal taxes on its taxable income and is not allowed a net operating loss carryover or carryback as a deduction against taxable income Instead, the Company's stockholders report their pro-rata share of the Company's net operating income or loss on their respective individual federal income tax returns The Company has also elected to be treated as a Subchapter S corporation for state income tax purposes

State income taxes are provided for the tax effects of transactions reported in the financial statements The provision for state income tax will consist of taxes currently due plus deferred taxes, when material, related primarily to differences between the basis of certain current assets and liabilities for financial and income tax reporting purposes The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled The deferred state tax assets and liabilities relating to differences between the basis of the Company's assets and liabilities for financial and income tax reporting were not material as of April 30, 2016 and 2015 Accordingly, deferred state income taxes were not included in the Company's provision for state income tax for the years ended April 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service Management has analyzed the tax positions taken by the Company, and has concluded that as of April 30, 2016 and 2015, there were no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements The Company is subject to routine audits by taxing and other jurisdictions However, there are currently no audits in progress for any prior tax periods

Subsequent Events

The Company has considered subsequent events through July 29, 2016, the date the financial statements were available to be issued, in preparing the financial statements and notes thereto

Note 2 – Notes Receivable

Notes receivable consist of various franchisee loans The Company provides financing to franchisees for the purchase of franchises During the years ended April 30, 2016, and 2015, the Company granted loans to various franchisees in aggregate amounts of approximately $513,000 and $254,000, respectively These notes receivable, bearing interest at prime rate plus 4% (which aggregated to 7 50% and 7 25% at April 30, 2016 and 2015, respectively), are payable at various dates through maturity in April 2019

Notes receivable mature as follows for the years ending April 30

2017	$ 199,050
2018	148,890
2019	43,130
	$ 391,070

Note 3 - Equipment and Leasehold Improvements

Equipment and leasehold improvements consisted of the following

	2016	2015
Computer software and equipment	$ 66,903	$ 312,589
Leasehold improvements	9,866	52,961
Office furniture and equipment	46,684	44,096
	123,453	409,646
Less accumulated depreciation and amortization	(73,557)	(356,170)
Equipment and leasehoold improvement, net	$ 49,896	$ 53,476

Note 4 – Line of Credit

The Company has a revolving line of credit with a bank with an aggregate total borrowing limit of $1,000,000 Under the terms of the credit agreement, interest is charged at a per annum rate of the bank's prime rate plus 3 5% (which aggregated 7% and 6 75% at April 30, 2016 and 2015) and matures in March 2017 The line of credit requires the Company to maintain a compensating cash balance with the bank of $29,000 at April 30, 2016 and 2015 Borrowings under the line of credit are collateralized by substantially all assets of the Company Amounts owing on the revolving line of credit are also guaranteed by a stockholder of the Company There were no amounts outstanding under the line of credit at April 30, 2016 and 2015 As of April 30, 2016, the Company was not in compliance with certain covenants and is actively seeking a waiver from the bank

Note 5 - Notes Payable

The notes payable consisted of the following

	2016	2015
Note payable to a finance company, secured by substantially all assets, bearing interest at 12% per annum, payable in monthly installments up to $22,244 through maturity in November 2020	$ 937,541	$ 357,725
Note payable to an individual, bearing interest at 10% per annum, payable in monthly installments up to $5,768 and matured in June 2016	11,394	75,924
	948,935	433,649
Less current portion	(174,606)	(160,219)
Long-term portion of notes payable	$ 774,329	$ 273,430

The notes payable mature as follows for the years ending April 30

2017	$ 174,606
2018	183,911
2019	207,235
2020	233,518
2021	149,665
	$ 948,935

Note 6 – Related Party Transactions

Shared Expenses

The Company shares the cost of certain expenses with entities related through common ownership and control During the years ended April 30, 2016 and 2015, the Company incurred approximately $442,851 and $318,000, respectively, in costs related to these shared expenses

Note 6 – Related Party Transactions (continued)

Due from Stockholder

As of April 30, 2016, and 2015, the Company had amounts due of $2,279,680 and $812,229, respectively, from a stockholder These advances are unsecured, bear interest at the applicable federal rate and are due on demand

Note Payable to Stockholder

As of April 30, 2016 and 2015, respectively, the Company had $7,141 and $33,992 due to a stockholder related to a loan for working capital purposes The note bears interest at 10% per annum and is payable in monthly installments of $2,420 through maturity in July 2016

Note 7 – Commitments and Contingencies

Operating Leases

The Company is obligated under the terms of non-cancelable operating leases which expire on various dates through January 2023. The majority of the Company's leases provide for fixed rent escalation clauses throughout the lease period For the years ended April 30, 2016 and 2015, rent expense for these operating leases was $249,694 and $138,185, respectively

The Company's future minimum lease payments required under the non-cancelable operating leases are as follows for the years ending April 30

2017	$ 322,140
2018	377,225
2019	310,467
2020	292,532
2021	301,574
Thereafter	500,703
Total minimum lease payments	2,104,641
Less minimum sublease income	(455,315)
Net minimum lease payments	$ 1,649,326

Fiesta Insurance Franchise Corporation

Financial Statements and Independent Auditors' Report

April 30, 2015 and 2014

MARTINI
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& AKPOVI
CERTIFIED
PUBLIC
ACCOUNTANTS

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Fiesta Insurance Franchise Corporation
Financial Statements
April 30, 2015 and 2014

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MARTINI
IOSUE
& AKPOVI

CERTIFIED
PUBLIC
ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Fiesta Insurance Franchise Corporation
Las Vegas, Nevada

We have audited the accompanying financial statements of Fiesta Insurance Franchise Corporation (the "Company"), which comprise the balance sheets as of April 30, 2015 and 2014, and the related statements of income, stockholders' 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

Auditors' 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 of 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 auditors' 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 auditors consider internal control relevant to the Company'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 Company'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 opinion

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fiesta Insurance Franchise Corporation as of April 30, 2015 and 2014, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Encino, California
July 21, 2015

Martini, Iosue & Akpovi

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Fiesta Insurance Franchise Corporation
Balance Sheets
April 30, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 1,120,516	$ 842,826
Restricted cash	249,868	45,000
Funds held in trust	599,139	547,474
Accounts receivable, net	1,054,594	1,008,879
Due from related party	-	17,610
Due from stockholder	812,229	75,904
Prepaid expenses and other current assets	78,370	44,209
Current portion of notes receivable	162,583	110,868
Total Current Assets	4,077,299	2,692,770
Equipment and leasehold improvements, net	53,476	85,237
Notes receivable, net of current portion	142,710	106,435
Pre-publication and production costs, net	111,548	134,235
Deposits	43,159	19,967
Total Assets	$ 4,428,192	$ 3,038,644
Liabilities and Stockholders' Equity		
Accounts payable and accrued liabilities	$ 537,174	$ 282,742
Funds held in trust for customers	599,139	547,474
Commissions payable	1,788,867	1,440,121
Deferred revenues	20,000	170,000
Current portion of note payable to stockholder	26,871	24,304
Current portion of notes payable	160,219	84,919
Total Current Liabilities	3,132,270	2,549,560
Note payable to stockholder, net of current portion	7,121	33,992
Notes payable, net of current portion	273,430	357,725
Total Liabilities	3,412,821	2,941,277
Commitments and Contingencies		
Stockholders' Equity		
Common stock, $0 01 par value, 100,000 shares authorized, 1,121 shares issued and outstanding	12	12
Retained earnings	1,015,359	97,355
Total Stockholders' Equity	1,015,371	97,367
Total Liabilities and Stockholders' Equity	$ 4,428,192	$ 3,038,644

The Accompanying Notes are an Integral Part of These Financial Statements

Fiesta Insurance Franchise Corporation
Statements of Income
For the Years Ended April 30, 2015 and 2014

	2015	2014
Revenues		
Gross commissions	$ 12,544,900	$ 9,381,576
Gross tax preparation fees	2,064,602	1,503,973
Gross ancillary fees	1,644,964	1,490,142
Gross franchise fees	392,000	518,000
Gross Revenues	16,646,466	12,893,691
Commissions and fees paid out	11,277,071	8,618,899
Net Revenues	5,369,395	4,274,792
Operating Expenses	3,862,816	3,666,993
Income from Operations	1,506,579	607,799
Total Other Expense		
Interest expense, net	56,514	68,215
Income before Provision for State Income Tax	1,450,065	539,584
Provision for State Income Tax	16,774	12,054
Net Income	$ 1,433,291	$ 527,530

The Accompanying Notes are an Integral Part of These Financial Statements

Fiesta Insurance Franchise Corporation
Statements of Stockholders' Equity
For the Years Ended April 30, 2015 and 2014

	Common Stock		Retained Earnings	Total Stockholders' Equity
	Shares	Amount		
Balances at April 30, 2013	1,121	$ 12	$ (381,646)	$ (381,634)
Distributions	-	-	(48,529)	(48,529)
Net income	-	-	527,530	527,530
Balances at April 30, 2014	1,121	12	97,355	97,367
Distributions	-	-	(515,287)	(515,287)
Net income	-	-	1,433,291	1,433,291
Balances at April 30, 2015	1,121	$ 12	$ 1,015,359	$ 1,015,371

The Accompanying Notes are an Integral Part of These Financial Statements

Fiesta Insurance Franchise Corporation
Statements of Cash Flows
For the Years Ended April 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Net income	$ 1,433,291	$ 527,530
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	51,470	70,013
Amortization of pre-publication and production costs	22,687	23,696
Amortization of debt issuance costs	-	4,341
Allowance for doubtful accounts	-	11,944
Changes in assets and liabilities		
Funds held in trust	(51,665)	51,813
Accounts receivable	(45,715)	(282,756)
Due from related party	17,610	94,390
Due from stockholder	(736,325)	(75,904)
Prepaid expenses and other current assets	(34,161)	40,162
Notes receivable	(87,990)	(12,490)
Other receivable	-	74,433
Deposits	(23,192)	4,810
Accounts payable and accrued liabilities	254,432	122,683
Funds held in trust for customers	51,665	(51,813)
Commissions payable	348,746	450,790
Deferred revenues	(150,000)	(40,000)
Net Cash Provided by Operating Activities	1,050,853	1 013,842
Cash Used by Investing Activities		
Restricted cash	(204,868)	(45,000)
Purchase of equipment and leasehold improvements	(19,709)	(7,889)
Total Cash Used by Investing Activities	(224,577)	(52,889)
Cash Used by Financing Activities		
Payments on note payable to stockholder	(24,304)	(91,008)
Borrowings on note payable to stockholder	-	24,304
Payments on notes payable	(84,295)	(9,823)
Borrowings on notes payable	75,300	87,272
Net payments on line of credit	-	(469,953)
Stockholder distributions	(515,287)	(48,529)
Net Cash Used by Financing Activities	(548,586)	(507,737)
Net Increase in Cash and Cash Equivalents	277,690	453,016
Cash and Cash Equivalents, Beginning of Year	842,826	389,810
Cash and Cash Equivalents, End of Year	$ 1,120,516	$ 842,826
Supplemental Disclosure of Cash Flow Information		
Cash Paid During the Year for		
Interest	$ 79,245	$ 95,068
Income taxes	$ 5,774	$ 891

The Accompanying Notes are an Integral Part of These Financial Statements

Note 1 - Summary of Significant Accounting Policies

Description of Business

Fiesta Insurance Franchise Corporation (the "Company") was incorporated in Delaware on March 31, 2006 The Company's headquarters are located in Las Vegas, Nevada The Company was organized to sell franchises for the right to own and operate independent Fiesta Auto Insurance Agencies in various states throughout the country These franchised agencies will sell property and casualty insurance and may offer other ancillary business services such as tax preparation services, motor vehicle registration services and travel agency services under the "Fiesta" trade name and service mark The Company sold 26 and 51 individual franchise licenses during the years ended April 30, 2015 and 2014, respectively There were 17 and 13 franchise closures during the years ended April 30, 2015 and 2014, respectively As of April 30, 2015, there were 128 franchises in operation, none of which were owned by the Company As of April 30, 2014, there were 124 franchises in operation, none of which were owned by the Company

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes Significant estimates and assumptions made by management are used for, but not limited to, the allowance for doubtful accounts and the estimated useful lives of long-lived assets Actual results could differ from those estimates

Fair Value of Financial Instruments

Unless otherwise specified, management believes the carrying value of financial instruments approximates their fair value

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with maturities of three months or less at the time of purchase to be cash equivalents The Company also maintains cash in bank deposit accounts which, at times, may exceed federally insured limits The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss on cash and cash equivalents

Note 1 - Summary of Significant Accounting Policies (continued)

Restricted Cash

During the year ended April 30, 2014, the Company established an advertising fund to collect and administer funds contributed for use in advertising and promotional programs, which are designed to increase sales at the franchise operation level and enhance the reputation of the Company and its franchise owners Contributions to the advertising fund are required for all stores located in California Expenditures of the advertising fund are primarily amounts paid to third-parties At each reporting date, to the extent contributions to the advertising fund exceed expenditures on a cumulative basis, the excess contributions are accounted for as a liability and are recorded in accounts payable and accrued liabilities in the Company's balance sheet Restricted cash consisted of the following

	2015	2014
Advertising fund liability	$ 45,000	$ -
Contributions during the year	967,354	70,000
Expenditures during the year	(762,486)	(25,000)
Advertising fund liability	$ 249,868	$ 45,000

Funds Held in Trust

Funds held in trust consist of insurance premiums collected on behalf of customers of the Company's franchisees These funds are held in segregated accounts and are remitted to the respective insurance providers on behalf of customers Funds held in trust and their offsetting liability, funds held in trust for customers, are presented separately for financial statement presentation purposes

Accounts Receivable

Accounts receivable are recognized when insurance policies are sold in accordance with the respective commission agreement and when other ancillary fees are earned from franchisees Management records an estimate for doubtful accounts when deemed appropriate Management determines the allowance for doubtful accounts by regularly evaluating individual receivables and considering the insurance provider or franchisee's financial condition and credit history and current economic conditions Management determined that a reserve of $11,944 was necessary at April 30, 2015 and 2014 Accounts receivable are written off when deemed uncollectible Recoveries of accounts receivable previously written off are recorded as income when received Management determines the past due status of accounts receivables based on contractual terms with each customer Interest is not charged on past due franchisee accounts

Note 1 - Summary of Significant Accounting Policies (continued)

Notes Receivable

The Company provides financing to franchisees for the purchase of franchises Notes receivable are collateralized by the underlying franchise and are guaranteed by the owners of the respective entity The debtors' ability to repay the notes is dependent upon both the performance of the industry as a whole and performance of the industry in the individual franchisee areas Notes receivable are recorded net of an allowance for doubtful accounts Notes are written off against the allowance when all possible means of collection have been exhausted and the potential for recovery is considered remote At April 30, 2015 and 2014, management determined that no such allowances were necessary

Marketing Product Inventories

Marketing product inventories, consisting of various marketing materials, are stated at the lower of cost or market Cost is determined on a first-in, first-out basis At April 30, 2015 and 2014, the amount of marketing product inventories was $54,746 and $30,699, respectively These amounts are included in prepaid expenses and other current assets in the accompanying balance sheets

Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded at cost Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to five years Leasehold improvements are amortized over the shorter of their estimated useful lives or respective lease term Upon the disposition of an asset, its accumulated depreciation is deducted from the original cost, and any gain or loss is reflected in current earnings Repairs and maintenance that do not enhance the use or extend the life of equipment and leasehold improvements are expensed as incurred

Pre-Publication and Production Costs

The Company capitalizes the editorial and other costs incurred in the creation of the master copy of books or other media Pre-publication and production costs are amortized on a straight-line basis over a seven year period based on expected future revenues The Company regularly reviews the recoverability of the capitalized costs based on expected future revenues

Impairment

The Company reviews its long-lived assets whenever events or circumstances indicate that the carrying amounts of such assets may not be recoverable Impairment is evaluated by comparing the carrying value of the assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date for the amount by which the carrying amount of the asset exceeds its fair value Management has determined that no impairment currently exists

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Company recognizes initial franchise fees, which are nonrefundable, as income when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied by the Company Area development fees are recorded within gross franchise fees, are nonrefundable and are recognized as income when the conditions for revenue recognition under the individual area development agreements are met Both Initial franchise fees and area development fees are generally recognized upon the opening of a franchise or upon termination of the agreement between the Company and the franchisee In cases where the Company receives a note receivable for the franchise fee, and collectibility is not reasonably assured, the Company defers recognition of such revenue until the cash is collected

The Company earns commission on insurance policies sold by franchisees in the period sold All payments received for insurance policies sold are initially collected by the Company During the period following initial cash collection, the Company remits the amount due to the franchisee for their portion of commissions earned Franchisees earn commission at varying rates in accordance with their respective franchise agreements The Company then retains its portion of commissions, which is usually earned at rates ranging from 20% to 25% of gross insurance commissions

The Company receives fees for other business services provided by franchisees such as tax preparation services, motor vehicle registration and travel agency services Revenues for such fees are recognized as the services are provided by the franchisee Similar to commission revenues, the Company collects payments for all services provided and then remits the amount due to the franchisee for their portion of fees earned as determined by the respective franchise agreement The Company earns its fees at varying amounts based on the service provided by the franchisee

Advertising Costs

Advertising costs are expensed as incurred Advertising expense was $284,493 and $377,582 for the years ended April 30, 2015 and 2014, respectively

Income Taxes

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code, whereby the Company does not pay federal taxes on its taxable income and is not allowed a net operating loss carryover or carryback as a deduction against taxable income Instead, the Company's stockholders report their pro-rata share of the Company's net operating income or loss on their respective individual federal income tax returns

Due to the passage of the California / Federal conformity legislation, California has generally adopted the federal Subchapter S provisions with the exception that the Company would pay a tax at 1 5% of taxable income as adjusted for California purposes, or $800, whichever is greater The Company has also elected to be treated as a Subchapter S corporation for California purposes

Note 1 - Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

State income taxes are provided for the tax effects of transactions reported in the financial statements The provision for state income tax will consist of taxes currently due plus deferred taxes, when material, related primarily to differences between the basis of certain current assets and liabilities for financial and income tax reporting purposes The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled The deferred state tax assets and liabilities relating to differences between the basis of the Company's assets and liabilities for financial and income tax reporting were not material as of April 30, 2015 and 2014 Accordingly, deferred state income taxes were not included in the Company's provision for state income tax for the years ended April 30, 2015 and 2014

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service Management has analyzed the tax positions taken by the Company, and has concluded that as of April 30, 2015 and 2014, there were no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements The Company is subject to routine audits by taxing and other jurisdictions However, there are currently no audits in progress for any prior tax periods Generally, the Company's tax returns remain open for federal income tax examination for three years from the date of filing and four years for the State of California

Subsequent Events

The Company has considered subsequent events through July 21, 2015, the date the financial statements were available to be issued, in preparing the financial statements and notes thereto

Note 2 - Notes Receivable

Notes receivables consisted of the following

	2015	2014
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $1,075 through maturity in December 2015	$ 7,950	$ -
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $1,240 through maturity in January 2018	36,566	-
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $775 through maturity in November 2016	12,814	-

Note 2 - Notes Receivable (continued)

	2015	2014
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $772 through maturity in March 2017	15,117	-
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $930 through maturity in December 2017	26,928	-
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $923 through maturity in February 2018	27,525	-
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $610 through maturity in January 2016	5,328	-
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $2,712 through maturity in September 2017	67,732	-
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $306 through maturity in June 2017	1,439	-
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $320 through maturity in March 2017	6,849	-
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $1,058 through maturity in November 2015	7,181	18,889
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $938 through maturity in July 2016	13,099	23,015
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $1,245 through maturity in February 2016	11,805	22,677
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $535 through maturity in February 2016	1,205	7,818
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $936 through maturity in November 2016	23,905	18,506
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $959 through maturity in September 2016	23,025	25,457
Loan receivable, bearing interest at prime rate plus 2 75% (which aggregated 6% per annum), payable in monthly installments of $563 and paid off in December 2014	-	6,856

Note 2 - Notes Receivable (continued)

	2015	2014
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $1,000 and paid off in February 2015	-	25,117
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $863 and paid off in February 2015	-	10,506
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $867 and paid off in February 2015	-	20,821
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $807 and paid off in February 2015	-	20,038
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $671 and paid off in July 2014	-	13,300
Loan receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), payable in monthly installments of $156 and paid off in March 2015	-	4,303
	288,468	217,303
Less current portion	(162,583)	(110,868)
Long-term portion of loans receivable	$ 125,885	$ 106,435

During the year ended April 30, 2015, the Company granted loans to three franchisees in amounts up to $40,000 each As of April 30, 2015, proceeds borrowed on these loans were $16,825 in aggregate These loans receivable, bearing interest at prime rate plus 4% (which aggregated 7 25% per annum), are payable through maturity in April 2018 The monthly payments have not been determined as of April 30, 2015 Accordingly, these loans are not included in the table above

Notes receivable mature as follows for the years ending April 30

2016	$ 162,583
2017	101,849
2018	40,861
	$ 305,293

Note 3 - Equipment and Leasehold Improvements

Equipment and leasehold improvements consisted of the following

	2015	2014
Computer software and equipment	$ 312,589	$ 289,824
Leasehold improvements	52,961	43,095
Office furniture and equipment	44,096	57,018
	409,646	389,937
Less accumulated depreciation and amortization	(356,170)	(304,700)
Equipment and leasehold improvement, net	$ 53,476	$ 85,237

Note 4 - Line of Credit

The Company has a revolving line of credit with a bank with an aggregate total borrowing limit of $500,000 Under the terms of the credit agreement, interest is charged at a per annum rate of the bank's prime rate plus 4 50% (which aggregated 7 75% at April 30, 2015 and 2014) and matures in March 2016 The line of credit requires the Company to maintain a compensating cash balance with the bank of $29,000 at April 30, 2015 and 2014 Borrowings under the line of credit are collateralized by substantially all assets of the Company Amounts owing on the revolving line of credit are also guaranteed by a stockholder of the Company There were no amounts outstanding under the line of credit at April 30, 2015 and 2014 As of April 30, 2015, the Company was not in compliance with certain covenants and is actively seeking a waiver from the bank

Note 5 - Notes Payable

The notes payable consisted of the following

	2015	2014
Note payable to a finance company, secured by substantially all assets, bearing interest at 12% per annum, payable in monthly installments up to $11,122 through maturity in July 2018	$ 357,725	$ 442,644
Note payable to an individual, bearing interest at 10% per annum, payable in monthly installments up to $5,768 through maturity in June 2016	75,924	$ -
Total notes payable	433,649	442,644
Less current portion	(160,219)	(84,919)
Long-term portion of notes payable	$ 273,430	$ 357,725

Note 5 - Notes Payable (continued)

The notes payable mature as follows for the years ending April 30

2016	$ 160,219
2017	119,171
2018	121,500
2019	32,759
	$ 433,649

Note 6 - Related Party Transactions

Shared Expenses

The Company shares the cost of certain expenses with entities related through common ownership and control During the years ended April 30, 2015 and 2014, the Company incurred approximately $318,000 and $363,300, respectively, in costs related to these shared expenses

Due from Related Party

As of April 30, 2015 and 2014, the Company had amounts due of $0 and $17,610, respectively, from a related party

Due from Stockholder

At April 30, 2015,and 2014, the Company had amounts due of $812,229 and $75,905, respectively from a stockholder The advances are unsecured, due on demand and do not bear interest

Note Payable to Stockholder

As of April 30, 2015 and 2014, respectively, the Company had $33,992 and $58,296 due to a stockholder related to a loan for working capital purposes The note bears interest at 10% per annum and is payable in monthly installments of $2,420 through maturity in July 2016

Note 7 - Commitments and Contingencies

Operating Leases

The Company is obligated under the terms of non-cancelable operating leases which expire on various dates through November 2021 The majority of the Company's leases provide for fixed rent escalation clauses throughout the lease period For the years ended April 30, 2015 and 2014, rent expense for these operating leases was $138,185 and $134,220, respectively

Note 7 - Commitments and Contingencies (continued)

The Company's future minimum lease payments required under the non-cancelable operating leases are as follows for the years ending April 30

2016	$	278,502
2017		148,488
2018		138,423
2019		64,781
2020		39,143
Thereafter		64,480
Total minimum lease payments		733,817
Less minimum sublease income		(675,397)
Net minimum lease payments	$	58,420

Legal Matters

The Company is a party in a legal proceeding that has arisen in the normal course of business This legal proceeding includes a claim for compensatory damages in the amount of $100,000 The Company has not recorded any reserves for this contingency as such reserves are recorded when it is probable that a loss has been incurred as of the balance sheet date and can be reasonably estimated In management's opinion, the probability of an unfavorable outcome related to this legal proceeding is possible and not probable In the opinion of management, the resolution of this contingency is not expected to have a material adverse effect on the Company's financial condition, results of operations or cash flows

EXHIBIT I

TO THE FIESTA INSURANCE FRANCHISE CORPORATION FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language Read this Disclosure Document and all agreements carefully

If Fiesta Insurance Franchise Corporation offers you a franchise, Fiesta Insurance Franchise Corporation must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sales

Michigan and Rhode Island require that we give you this Disclosure Document at the earlier of the 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship

New York requires you to receive this Franchise 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

If Fiesta Insurance Franchise Corporation does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the federal trade commission, Washington, D C , 20580 and the state administrator listed in Exhibit A

The franchisor is Fiesta Insurance Franchise Corporation, located at 3755 Breakthrough Way, Suite #205, Las Vegas, Nevada 89135

Issuance date August 8, 2016, as amended on November 22, 2016

The name, principal business address and telephone number of each franchise seller offering the franchise John Rost, Michael Hutta and Owen Deane Silke, 3755 Breakthrough Way, Suite #205, Las Vegas, Nevada 89135, telephone (702) 522-1729

We authorize the agent for service of process listed in Exhibit A to receive service of process for Fiesta Insurance Franchise Corporation

I have received a franchise Disclosure Document dated August 8, 2016, as amended on November 22, 2016 This Disclosure Document included the following exhibits

A	AGENTS FOR SERVICE OF PROCESS & STATE ADMINISTRATORS	E	STATE-SPECIFIC ADDENDA
B	FRANCHISE AGREEMENT & EXHIBITS	F	FRANCHISE COMPLIANCE CERTIFICATE
C	AREA DEVELOPMENT AGREEMENT & EXHIBITS	G	LIST OF FRANCHISEE & REPRESENTATIVES
D	SOFTWARE LICENSE AGREEMENT	H	FINANCIAL STATEMENTS
		I	RECEIPTS

DATED _____
SIGNED _____
NAME _____
ADDRESS _____
_____
PHONE _____
E-MAIL _____

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE AND RETURN IT TO SILVIO MORALES, 3755 Breakthrough Way, Suite #205, Las Vegas, Nevada 89135

RECEIPT

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DATED _____
SIGNED _____
NAME _____
ADDRESS _____
_____
PHONE _____
E-MAIL _____

PLEASE KEEP THIS COPY FOR YOUR RECORDS THIS DISCLOSURE DOCUMENT MAY BE AVAILABLE IN SEVERAL FORMATS INCLUDING ON PAPER, ON A CD, IN PDF FORMAT OR ON OUR WEBSITE www.fiestafranchise.com